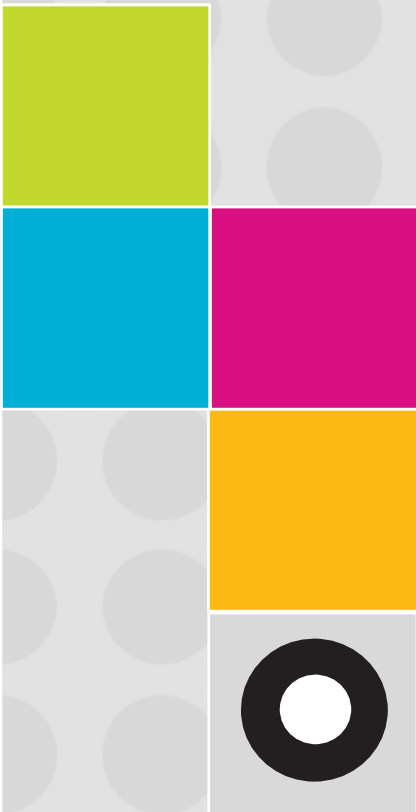




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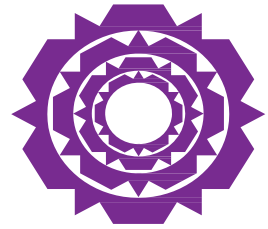


WELL RUN CITY

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

AUDITED



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# REPORTING ENTITY'S MANDATE



The City of Cape Town is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa Act 108 of 1996.

The principal activities of the City are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The City's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations.



# APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019, as set out on pages 9 to 85 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 41.2.1 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa Act 108 of 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

  
Lungelo Mbandazayo  
**City Manager**

29 August 2019



# REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

## Report on the audit of the financial statements

# REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

## Report on the audit of the financial statements (continued)

# GENERAL INFORMATION

## **AUDITORS**

The Auditor-General of South Africa  
No 17 Park Lane Building  
Park Lane  
Century City  
7441

Private Bag X1  
Chempet  
7442

## **BANKERS**

Nedbank Limited  
135 Rivonia Campus  
135 Rivonia Road  
Sandown  
Sandton  
2196

PO Box 1144  
Johannesburg  
2000

## **REGISTERED OFFICE**

City of Cape Town  
12 Hertzog Boulevard  
Cape Town  
8001

PO Box 655  
Cape Town  
8000



# GENERAL INFORMATION (continued)

## MEMBERS OF THE MAYORAL COMMITTEE

### Executive Mayor

Ald D Plato

### Executive Deputy Mayor, Finance

Ald I Neilson

### Economic Opportunities and Asset Management

Ald J Vos

### Transport

Ald F Purchase

### Safety and Security

Ald JP Smith

### Spatial Planning and Environment

Ald M Nieuwoudt

### Urban Management

Ald G Twigg

### Corporate Services

Cllr S Cottle

### Community Services and Health

Cllr Z Badroodien

### Human Settlements

Cllr M Booï

### Energy and Climate Change

Cllr P Maxiti

### Water and Waste

Cllr X Limberg

## MEMBERS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

### Chairperson

D Singh (contract renewed with effect from 1 November 2018)

### Members

S Barnes

M Burton

L Nene (appointed with effect from 1 November 2018)

R Nicholls

A Rhoda (contract ended with effect from 31 October 2018)

## OTHER

### Speaker

Ald JD Smit

### Chief Whip

Cllr D Visagie

## EXECUTIVE MANAGEMENT TEAM

### City Manager

L Mbandazayo

### Chief Financial Officer

K Jacoby

### Community Services and Health

E Sass

### Corporate Services

CJ Kesson

### Economic Opportunities and Asset Management

KSC le Keur

### Energy and Climate Change

K Nassiep

### Human Settlements

R Rughubar (acting)

### Safety and Security Services

RG Bosman

### Spatial Planning and Environment

O Asmal (acting)

### Transport

E Sass (acting)

### Urban Management

B van Schoor (acting)

### Water and Waste Services

M Webster (acting)



# GENERAL INFORMATION (continued)

## Council members of the City of Cape Town

Cllr A Abrahams	Cllr PH Chapple	Cllr MW Hlazo	Cllr J Martlow
Cllr FL Abrahams	Cllr MN Chitha	Cllr TT Honono	Cllr V Matanzima
Cllr MR Abrahams	Cllr DJ Christians	Cllr VR Isaacs	Cllr JJ Maxheke
Cllr MF Achmat	Cllr BR Clarke	Cllr IR Iversen	Cllr P Maxiti
Cllr A Adams	Cllr CC Clayton	Cllr BM Jacobs	Cllr S Mbandezi
Cllr A Adams	Cllr DG Cottey	Cllr HW Jacobs	Cllr JS Mbolompo
Cllr R Adams	Cllr SA Cottle	Cllr WD Jafftha	Cllr NV Mbombo
Cllr Y Adams	Cllr AC Crous	Cllr L Jali	Cllr LVP McBride
Cllr M Adonis	Cllr M Dambuza	Cllr C Janse van Rensburg	Cllr J McCarthy
Cllr ZC Adonis	Cllr T Dasa	Cllr EE Jansen	Cllr AP McKenzie
Cllr FK Ah-Sing	Cllr MM Davids	Cllr S John	Cllr CN Mdleleni
Cllr WJ Akim	Cllr NN Dilima	Cllr C Jordaan	Cllr SS Mfecane
Cllr EP Andrews	Cllr WB Dlulane	Cllr N Jowell	Cllr NE Mgolombane
Cllr E Anstey	Cllr WP Doman	Ald CR Justus	Cllr JH Middleton
Cllr R Arendse	Cllr DK Dudley	Cllr ML Kempthorne	Cllr PM Mngxunyeni
Cllr SWP Arendse	Cllr SS Duka	Cllr DM Khatshwa	Cllr S Moodley
Cllr DE Badela	Cllr PA East	Cllr MRH Kleinschmidt	Cllr AC Moses
Cllr ZA Badroodien	Cllr CJ Esau	Cllr ME Kleinsmith	Cllr NA Moshani
Cllr MK Bafo	Cllr JP Fitz	Cllr C Kobeni	Cllr T Mpengezi
Cllr UM Barends	Cllr E Fortune	Cllr AL Komeni	Cllr S Mzobe
Cllr AJG Basson	Cllr GD Fourie	Cllr NF Kopman	Cllr PS Mzolisa
Cllr S Batala	Cllr P Francke	Cllr GPG Kriel	Cllr N Ndalen
Cllr TM Batembu	Cllr CM Fry	Cllr AE Kuhl	Cllr AX Ndongeni
Cllr R Bazier	Cllr A Gabuza	Cllr MD Kumeke	Ald ID Neilson
Cllr R Beneke	Cllr F Gaffoor	Ald NJ Landingwe	Cllr K Nethi
Cllr CB Bew	Cllr BC Golding	Cllr SP Liell-Cock	Cllr BP Ngcani
Cllr N Bolitye	Cllr GE Gordon	Cllr AG Lightburn	Cllr B Ngcombolo
Cllr M Boo	Cllr AJ Griesel	Cllr XT Limberg	Cllr MWN Ngeyi
Cllr FR Botha-Rossouw	Cllr CDW Groenewoud	Cllr CO Mabona	Cllr PM Ngqu
Cllr R Bresler	Cllr NE Grose	Cllr BC Madikane	Cllr D Ngubelanga
Cllr EN Brunette	Cllr LA Gungxe	Cllr N Mahangu	Cllr S Ngxumza
Cllr DW Bryant	Cllr B Hansen	Cllr N Mahlati	Ald MJ Nieuwoudt
Cllr KR Carls	Cllr W Harris	Cllr BM Majingo	Cllr M Nikelo
Cllr H Carstens	Cllr GCR Haskin	Cllr N Makasi	Cllr S Nkomiyahlaba
Cllr MA Cassiem	Cllr PG Helfrich	Cllr LC Makeleni	Cllr FM Nkuzana
Cllr MF Cassim	Cllr A Hendricks	Cllr SK Manata	Cllr X Nofemele
Ald GV Cavanagh	Cllr PC Heynes	Ald GW March	Cllr SM Noludwe
Cllr CS Cerfontein	Cllr ND Hlangisa	Cllr RPJ Mare	Cllr S Nonkeyizana

# GENERAL INFORMATION (continued)

## Council members of the City of Cape Town (continued)

Cllr SP Nqamnduku	Ald FA Purchase	Cllr NP Sono	Cllr CHS van Wyk
Cllr ML Nqavashe	Cllr ZL Qoba	Cllr X Sotashe	Cllr A van Zyl
Cllr M Nqulwana	Cllr RM Quintas	Cllr KG Southgate	Cllr M Velem
Cllr A Ntsodo	Cllr X Qwesha	Cllr Z Sulelo	Cllr R Viljoen
Cllr P Nyakaza-Sandla	Cllr MH Raise	Cllr PS Swart	Cllr DA Visagie
Cllr L Nyingwa	Cllr B Rass	Cllr S Taliep	Cllr CL Visser
Cllr SF Oerson	Cllr R Rau	Cllr HP Terblanche	Cllr J Visser
Ald MJ Oliver	Cllr FHL Raymond	Cllr EAJ Theron	Cllr PP Vokwana
Cllr GC Peck	Cllr N Rheeder	Ald TB Thompson	Ald J Vos
Cllr XG Peter	Cllr SJ Rossouw	Cllr G Timm	Cllr ST Vuba
Cllr MJ Petersen	Cllr T Sakathi	Cllr BEF Truter	Cllr FC Walker
Cllr S Philander	Cllr R Saralina	Ald GG Twigg	Ald BRW Watkyns
Cllr MP Pietersen	Cllr E Sawant	Cllr TA Uys	Cllr C Williams
Cllr TI Pimpi	Cllr RZ Simbeku	Cllr B van der Merwe	Cllr JJ Witbooi
Cllr YM Plaatjie	Cllr RS Simons	Cllr JFH van der Merwe	Cllr J Woodman
Ald D Plato	Cllr AJ Skippers	Cllr A van der Rheede	Cllr N Xamle
Cllr CJ Pophaim	Ald JD Smit	Cllr PE van der Ross	Cllr SK Yozi
Ald SB Pringle	Ald JP Smith	Cllr ML van der Walt	Cllr LG Zondani
Cllr CB Punt	Cllr OK Solomons	Cllr B van Reenen	

### In the course of the reporting period, the following councillors ceased to be political office-bearers:

Ald D Amira	20/03/2019	Cllr B Hadebe	21/05/2019	Cllr RM Moses	30/05/2019
Cllr A Arnolds	21/05/2019	Cllr MGE Hendricks	27/05/2019	Cllr XB Pakela	13/05/2019
Cllr SN August	25/10/2018	Cllr BN Herron	08/11/2018	Cllr SA Ramsay	27/11/2018
Cllr GG Barnado	25/10/2018	Cllr A Lili	22/05/2019	Cllr N Silas	04/07/2018
Cllr G Bosman	21/05/2019	Cllr SA Little	25/10/2018	Cllr T Stemele	25/10/2018
Cllr X Cekiso	31/01/2019	Cllr N Makamba-Botya	21/05/2019	Cllr LE Tshwete	07/03/2019
Cllr J Cupido	31/10/2018	Cllr S Mamkeli	25/10/2018	Cllr BM van Minnen	21/05/2019
Ald P de Lille	31/10/2018	Cllr RPJ Marmon	12/11/2018	Cllr M Xego	21/05/2019
Cllr SP Diamond	17/02/2019	Cllr LM Mbele	21/10/2018		

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019

The City's significant accounting policies, which are in all material respects consistent with those applied in the previous year, except as stated in note 38, are set out below. These annual financial statements have been prepared on an accrual basis of accounting and have used the historical cost convention as the basis of measurement, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

## Going-concern assumption

These annual financial statements have been prepared based on the expectation that the Municipality of Cape Town will continue to operate as a going-concern for at least the next 12 months.

## Basis of presentation

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive that outlines the principles for the application of the GRAP 3 guidelines in determining the GRAP Reporting Framework hierarchy, as set out in the 'Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors'.

## Use of significant judgements and estimates

In the process of applying the City's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### • Going-concern

Management considers key financial metrics and approved medium-term budgets, together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statements, is appropriate.

### • Materiality

Materiality has been considered in determining whether information is required to be recognised, measured, presented and disclosed in accordance with the requirements in the Standards of GRAP as well as assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, specific thresholds have been developed as follows:

#### ○ Budget information

Variances between budget and actual amounts are regarded as material when there is a variance of:

- 10% or greater in the statement of financial position, the statement of financial performance and the cash flow statement;
- 5% or greater in capital expenditure.

All material differences are explained in note 39 to the annual financial statements.

#### ○ Qualitative thresholds

The nature of an item, transaction or event refers to its inherent characteristics, or the circumstances in which it was undertaken. Characteristics that may make an item, transaction or event material include the following:

- The item, transaction or event relates to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation.
- Related party transactions.
- The regularity or frequency with which an item, transaction or event occurs, e.g. a once off transfer of funds to another entity in terms of legislation or a ministerial directive.
- The item, transaction or event results in the reversal of a trend, e.g. changes a surplus to a deficit or vice versa.
- The item, transaction or event is likely to result in a change in accounting policy.
- The commencement of a new function, or the reduction or cessation of an existing function.
- The degree of estimation or judgement that is needed to determine the value of an item, transaction or event, e.g. a high degree of estimation may be involved in the measurement of a complex transaction such as a financial instrument.
- An item, transaction or event that affects the going concern assumption of the municipality.

The relative importance of the above qualitative factors in determining materiality is a matter of professional judgement.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## Quantitative thresholds

Quantitative materiality refers to the monetary value of items, transactions or events that is likely to influence users' decisions. The quantitative value of materiality can be based on a number of financial indicators.

The City of Cape Town uses 0,5% to determine materiality and the following factors were considered:

- Nature of the City's business
- Statutory requirements
- The control and inherent risks associated with the City
- Prudence

The level of materiality per classes of transactions for 2018/2019 was set as follows:

Classes of transactions	Level of materiality (R'000)
Revenue	213 902
Expenditure	192 494
Non-current assets	248 005
Current assets	74 842
Non-current liabilities	63 589
Current liabilities	44 380

The classes of transactions in the statement of financial performance, was based on the 2018/19 adjustments budget approved by Council in January 2019.

The classes of transactions in the statement of financial position, was based on the 2017/18 audited financial statements balance.

Based on professional judgement the overall quantitative value of materiality for the 2018/19 financial year is set at R120 million.

## Pension and other post-employment benefits

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## Impairment of receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. This was performed per service-identifiable categories across all debtor classes. The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

## Impairment of property, plant and equipment

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

## Significant delays in assets under construction

The City regards delays in assets under construction of more than one year as significant.

## Residual value of property, plant and equipment

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

## Useful lives of property, plant and equipment, investment property and intangible assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

- **Material losses**

Material losses are losses that occur due to factors other than normal production and are regarded as material in terms of the materiality thresholds.

Losses that occur due to normal production are classified as production cost and are factored into the City's tariffs. They therefore do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, this difference is considered as material losses.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 14, 16 and 37 respectively. Provisions are discounted where the effect of discounting is material.

- **Cash and non-cash-generating assets**

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff although net positive cash inflows are achieved from electricity service charges.

As such, management has determined that only the City's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will apply to all other assets of the City.

## Adoption of new and revised standards

- **Standards and interpretations effective and adopted in the current year**

The ASB issued amendments to the following Standards of GRAP that are applicable and effective in the current year:

- GRAP 21 - Impairment of non-cash-generating assets
- GRAP 26 - Impairment of cash-generating assets

These improvements have led to changes in the City's accounting policy for the determination of cash-generating assets. The City has determined that its Energy Directorate generates net positive cash flows and as such is considered as cash generating unit. As at the reporting date there is no indication that such assets is impaired.

- **Standards and interpretations early adopted**

The City has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on GRAP 20, 32, 108, 109 and IGRAP 17, 18, 19 and Guideline on Accounting for Landfill Sites and Guideline on the Application of Materiality in Financial Statements.

- **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, the following amendments to standards of GRAP and approved standards of GRAP had been issued, but were not yet effective:

- **Annual periods commencing on or after 1 April 2019:**
  - GRAP 20 - Related-party disclosures (revised)
  - GRAP 32 - Service concession arrangements: Grantor
  - GRAP 108 - Statutory receivables
  - GRAP 109 - Accounting by principals and agents
  - IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
  - IGRAP 18 - Recognition and derecognition of land
  - IGRAP 19 - Liabilities to Pay Levies
  - Guideline - Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme
  - IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The City has based its accounting policies on these standards and therefore the application of the standards will have no impact on the financial statements.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

- **Annual periods commencing on or after 1 April 2020:**
  - GRAP 18 - Segment reporting
  - GRAP 34 - Separate financial statements
  - GRAP 35 - Consolidated financial statements
  - GRAP 36 - Investments in associates and joint ventures
  - GRAP 37 - Joint arrangements
  - GRAP 38 - Disclosure of interest in other entities
  - GRAP 110 - Living and non-living resources
  - IGRAP 20 - Accounting for Adjustments to Revenue to Pay Levies

The above standards will be complied with in the financial statements once the standards take effect. Preliminary investigations indicated that GRAP 18 will require additional presentation and disclosure in the financial statements. GRAP 34, 35, 36, 37, 38, 110 and IGRAP 20 will have an immaterial impact.

- **Annual periods commencing on or after 1 April 2020:**
  - Guideline on Accounting for Landfill Sites
  - Guideline on the Application of Materiality in Financial Statements

The City has based its accounting policies on these guidelines and therefore the application of these guidelines will have no impact on the financial statements.

## HOUSING FUNDS

The housing development fund was established in terms of the Housing Act 107 of 1997.

### Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the City to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, *inter alia*, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the City for housing development in accordance with the National Housing Policy.

### Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

## RESERVES

The City creates and maintains reserves in terms of specific requirements.

### Capital replacement reserve (CRR)

In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

### Insurance reserves

#### • Self-insurance reserve

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

- **Compensation for occupational injuries and diseases (COLD) reserve**

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COLD Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COLD Act requires the City to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COLD reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the City is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The City maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

## Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually, if there are any indication of changes, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
<b>Infrastructure</b>		<b>Other</b>	
Roads and paving	10-50	Buildings	3-50
Electricity	15-50	Other vehicles	6-15
Water	15-30	Office equipment	5-7
Sewerage	15-20	Watercraft	5
Telecommunications	10-30	Bins and containers	5
		Landfill sites	30
<b>Housing</b>	30	Specialised vehicles	10-20
		Library books	1
<b>Community</b>		Furniture and fittings	10
Community and recreational facilities	20-50	Computer equipment	3-5
Security	5-10	Plant and equipment	5-12
		Service concession	10-30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.



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18 January 2020



CITY OF CAPE TOWN  
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STAD KAAPSTAD

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

## HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

## INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The City recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the City, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

### Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually, if there are any indication of changes, with the effect of any changes in estimate accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All municipal assets, excluding electricity assets, are classified as non-cash-generating assets.

The City assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

## IMPAIRMENT OF CASH-GENERATING ASSETS

The City assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the City estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

## Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

## CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

## INVENTORIES

Inventories consist of raw materials, consumables and finished goods and are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where they are held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, and are recognised as an expense in the period during which the write-down or loss occurs.

## VALUE-ADDED TAX

The City is registered for value-added tax (VAT) on the payment basis.

## GRANTS AND TRANSFERS

Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the City meet the definition and criteria for recognition of an asset.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the City either consumes the future economic benefits or service potential of the asset as specified or that in the event that the conditions are breached the City returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## PROVISIONS

A provision is recognised when the City has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

## ENVIRONMENTAL REHABILITATION PROVISIONS

Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the City's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

## EMPLOYEE BENEFITS

### Retirement benefit plans

The City provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The municipality does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles involved. As a result, such plans are accounted for as defined-contribution plans.

### Post-retirement pension funds

Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the City.

The City makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## Post-retirement medical aid: Continued members

The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the City is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the City will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the City's decision on protected rights. Post-retirement medical contributions paid by the City, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

## Short-term and long-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The City recognises the expected cost of performance bonuses only when the City has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The City provides long-service leave to eligible employees, payable on completion of years of employment. The City's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

## REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ('Province'), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the City, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

## Revenue from exchange transactions

Exchange transactions are transactions in which the City receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.

Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unutilised conditional grants' if the grant conditions indicate, or where management has determined that interest is payable to the funder.

Dividends are recognised when the City's right to receive payment is established.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Income for agency services, where the City acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The City has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The City retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

## Revenue from non-exchange transactions

Non-exchange transactions are transactions where the City received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Donations are recognised on a cash receipt basis, or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the City. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

## LEASES

### The City as lessee

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

### The City as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

## GRANTS-IN-AID

The City transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the City does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

## FINANCIAL INSTRUMENTS

Financial instruments are recognised when the City becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value as appropriate on initial recognition.

The City recognises non-exchange Receivables and Other Receivables that arises out of the operation of law rather than contractual rights as disclosed in note 9 and note 10. Standard of GRAP 23 on Revenue from Non-Exchange Transactions (Taxes and Transfers) is applied to these transactions on initial recognition of the revenue and receivables from non-exchange transactions. However, there is no Standard of GRAP dealing with the subsequent measurement, derecognition, presentation and disclosure requirements relating to risk for these transactions.

In the absence of such a Standard the City has based its accounting policy for receivables and other receivables from non-exchange transactions on the Standard of GRAP 104 on Financial Instruments. The financial risk for these transactions are disclosed under a separate category "Non-financial assets arising out of the operation of law" in note 1 to these financial statements.

# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

### • Investments at fair value

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

### • Investments at amortised cost

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the City has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

### • Investments at cost

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the City has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

## Non-derivative financial liabilities

After initial recognition, the City measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

## Derivative financial instruments

The City holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

## PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

## RECEIVABLES

Receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost, less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the City will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year end.

## UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

These are accounted for in the financial statements and, where recovered, is subsequently accounted for as revenue.

## FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.



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# SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

## BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP Standards on an accrual basis, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements.

The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget that has been adjusted for changes made in terms of legislation and may not have been formally approved again by Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the annual financial statements.

The budget amounts are those approved by Council both prior to and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

## OFFSETTING

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## SERVICES IN KIND

The City does not recognise services in kind as revenue or as an asset, but the nature and type of major classes of services in kind are disclosed in note 23.

## COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, comparative amounts are restated and the nature and reason disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

## RELATED PARTIES

The City regards a related party as a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the City, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.



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# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Rand thousands (R'000)

	Note	2019	Restated <sup>1</sup> 2018
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>52 547 899</b>	<b>49 792 902</b>
Property, plant and equipment	2	45 703 232	43 153 766
Heritage assets	3	10 280	8 891
Investment property	4	582 961	584 713
Intangible assets	5	693 178	716 009
Investments	6	5 342 559	5 111 773
Long-term receivables	7	215 689	217 750
<b>Current assets</b>		<b>18 405 664</b>	<b>14 250 005</b>
Inventory	8	435 991	471 727
Receivables	9	6 215 922	5 626 400
Other receivables	10	793 308	669 394
Investments	6	2 532 330	1 981 576
Current portion of long-term receivables	7	8 838	14 290
Cash and cash equivalents	11	8 419 275	5 486 618
<b>TOTAL ASSETS</b>		<b>70 953 563</b>	<b>64 042 907</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>13 148 024</b>	<b>12 717 715</b>
Borrowings	12	6 270 937	6 492 538
Provisions	14	6 877 087	6 225 177
<b>Current liabilities</b>		<b>9 114 290</b>	<b>8 876 006</b>
Deposits	15	410 962	381 660
Provisions	16	1 147 975	1 015 155
Payables from exchange transactions	17	5 699 317	5 901 661
Unspent conditional grants and receipts	18	1 298 170	1 067 745
Value-added tax	19	130 270	132 982
Current portion of borrowings	12	427 596	376 803
<b>TOTAL LIABILITIES</b>		<b>22 262 314</b>	<b>21 593 721</b>
<b>NET ASSETS</b>			
<b>Total net assets</b>		<b>48 691 249</b>	<b>42 449 186</b>
Housing development fund	20	409 351	359 289
Reserves		4 389 568	3 105 791
Accumulated surplus		43 892 330	38 984 106
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>70 953 563</b>	<b>64 042 907</b>

<sup>1</sup> Comparative restated: see note 38 for more details.



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# STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Note	2019	Restated <sup>1</sup> 2018
<b>REVENUE</b>			
<b>Exchange revenue</b>		<b>22 372 280</b>	<b>20 539 542</b>
Service charges	21	19 765 158	18 160 336
Rental of letting stock and facilities		460 383	494 500
Finance income	22	1 391 166	1 109 015
Licences and permits		58 078	46 788
Agency services		230 144	213 550
Other income	23	344 089	434 876
Gains on disposal of property, plant and equipment		123 262	80 477
<b>Non-exchange revenue</b>		<b>20 293 156</b>	<b>18 553 280</b>
Finance income	22	92 302	76 885
Other income	23	242 162	198 921
Property rates	24	9 319 556	8 470 387
Fuel levy		2 558 136	2 417 635
Fines, penalties and forfeits		1 459 194	1 545 312
Government grants and subsidies	25	6 548 361	5 744 790
Public contributions	26	73 445	99 350
<b>Total revenue</b>		<b>42 665 436</b>	<b>39 092 822</b>
<b>EXPENDITURE</b>			
Employee-related costs	27	12 335 769	10 866 949
Remuneration of councillors	41.2.1	152 357	147 293
Impairment costs	28	1 767 257	1 636 416
Collection costs		216 234	207 853
Depreciation and amortisation expenses <sup>2</sup>	2,4,5	2 802 364	2 566 995
Finance costs	29	753 155	781 925
Bulk purchases	30	8 644 621	8 127 378
Contracted services	31	2 009 736	1 809 505
Grants and subsidies paid		226 657	164 022
General expenses	32	7 505 576	7 396 952
Losses on disposal of property, plant and equipment		9 647	5 610
<b>Total expenditure</b>		<b>36 423 373</b>	<b>33 710 898</b>
<b>NET SURPLUS FROM OPERATIONS</b>		<b>6 242 063</b>	<b>5 381 924</b>
Deficit from discontinued operation	33	-	(27 479)
Surplus from continued operations		6 242 063	5 409 403
<b>NET SURPLUS FROM OPERATIONS</b>		<b>6 242 063</b>	<b>5 381 924</b>

<sup>1</sup> Comparative restated: See note 38 for more details.

<sup>2</sup> See Annexure B for more details.



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# STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
<b>2017</b>					
Balance as at 30 June 2017	331 568	2 880 321	561 296	33 505 777	37 278 962
Correction of error	-	-	-	(211 700)	(211 700)
<b>Restated balance as at 1 July 2017 <sup>1</sup></b>	<b>331 568</b>	<b>2 880 321</b>	<b>561 296</b>	<b>33 294 077</b>	<b>37 067 262</b>
<b>2018</b>					
<b>Restated balance as at 1 July 2017 <sup>1</sup></b>	<b>331 568</b>	<b>2 880 321</b>	<b>561 296</b>	<b>33 294 077</b>	<b>37 067 262</b>
Restated surplus	-	-	-	5 381 924	5 381 924
Surplus for the year	-	-	-	5 696 767	5 696 767
Correction of error	-	-	-	(314 843)	(314 843)
Transfer to/(from)	35 075	784 791	17 032	(836 898)	-
Property, plant and equipment purchased	(7 354)	(1 137 649)	-	1 145 003	-
<b>Restated balance as at 30 June 2018 <sup>1</sup></b>	<b>359 289</b>	<b>2 527 463</b>	<b>578 328</b>	<b>38 984 106</b>	<b>42 449 186</b>
<b>2019</b>					
Surplus for the year	-	-	-	6 242 063	6 242 063
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-
<b>Balance as at 30 June 2019</b>	<b>409 351</b>	<b>3 800 793</b>	<b>588 775</b>	<b>43 892 330</b>	<b>48 691 249</b>

<sup>1</sup> Comparative restated: see note 38 for more details.



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# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Note	2019	Restated <sup>1</sup> 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>CONTINUED OPERATION</b>			
Cash receipts from ratepayers, government and other		38 596 345	34 909 543
Cash paid to suppliers and employees		(30 085 454)	(27 925 502)
Cash generated from operations	34	8 510 891	6 984 041
Finance income		1 427 759	1 150 625
Finance costs		(692 316)	(689 667)
<b>Net cash from continued operations</b>		<b>9 246 334</b>	<b>7 444 999</b>
<b>DISCONTINUED OPERATION</b>			
Cash receipts from ratepayers, government and other			6 039
Cash paid to suppliers and employees			(33 518)
<b>Net cash from discontinued operation</b>	33		<b>(27 479)</b>
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>9 246 334</b>	<b>7 417 520</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment and other		(5 392 818)	(5 588 905)
Proceeds on disposal of assets		151 009	98 239
Decrease in long-term receivables		7 513	15 030
Increase in investments		(936 202)	(629 489)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(6 170 498)</b>	<b>(6 105 125)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		196 420	1 000 000
Repayment of borrowings		(368 901)	(305 920)
Increase in deposits		29 302	29 950
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(143 179)</b>	<b>724 030</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	35	<b>2 932 657</b>	<b>2 036 425</b>
Cash and cash equivalents at the beginning of the year		5 486 618	3 450 193
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>8 419 275</b>	<b>5 486 618</b>

<sup>1</sup> Comparative restated: See note 38 for more details.



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CITY OF CAPE TOWN  
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# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	Note	Approved budget <sup>1</sup>	Final budget <sup>1</sup>	Actual per annual financial statements classification	Classification differences <sup>2</sup>	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
<b>STATEMENT OF FINANCIAL POSITION</b>								
	39.2.1							
Total non-current assets		52 845 678	52 845 678	52 547 899	-	52 547 899	297 779	0,56
Total current assets	i	20 472 426	20 472 426	18 405 664	-	18 405 664	2 066 762	10,10
<b>Total assets</b>		<b>73 318 104</b>	<b>73 318 104</b>	<b>70 953 563</b>	-	<b>70 953 563</b>	<b>2 364 541</b>	<b>3,23</b>
Total non-current liabilities		14 289 354	14 289 354	13 148 024	-	13 148 024	1 141 330	7,99
Total current liabilities	ii	11 669 266	11 669 266	9 114 290	-	9 114 290	2 554 976	21,89
<b>Total liabilities</b>		<b>25 958 620</b>	<b>25 958 620</b>	<b>22 262 314</b>	-	<b>22 262 314</b>	<b>3 696 306</b>	<b>14,24</b>
Total net assets		47 359 484	47 359 484	48 691 249	-	48 691 249	(1 331 765)	(2,81)
<b>Total net assets and liabilities</b>		<b>73 318 104</b>	<b>73 318 104</b>	<b>70 953 563</b>	-	<b>70 953 563</b>	<b>2 364 541</b>	<b>3,23</b>
<b>FINANCIAL PERFORMANCE</b>								
	39.2.2							
Property rates		9 362 895	9 362 895	9 319 556	216 628	9 536 184	(173 289)	(1,85)
Service charges		19 476 569	19 476 569	19 765 158	(857 330)	18 907 828	568 741	2,92
Investment revenue	i	940 288	940 288	1 483 468	(361 404)	1 122 064	(181 776)	(19,33)
Transfers recognised - operational		7 369 203	7 369 203	4 468 913	2 580 305	7 049 218	319 985	4,34
Other own revenue	ii	3 033 368	3 033 368	5 475 448	(1 900 375)	3 575 073	(541 705)	(17,86)
<b>Total revenue (excluding capital transfers and contributions)</b>		<b>40 182 323</b>	<b>40 182 323</b>	<b>40 512 543</b>	<b>(322 176)</b>	<b>40 190 367</b>	<b>(8 044)</b>	<b>(0,02)</b>
Employee costs		12 522 677	12 501 402	12 335 769	29 786	12 365 555	135 847	1,09
Remuneration of councillors		169 640	169 640	152 357	8 940	161 297	8 343	4,92
Debt impairment	iii	2 401 378	2 401 378	1 767 257	(184 309)	1 582 948	818 430	34,08
Depreciation and asset impairment		2 850 051	2 850 051	2 802 364	29 648	2 832 012	18 039	0,63
Finance charges		906 679	904 560	753 155	80 056	833 211	71 349	7,89
Materials and bulk purchases		10 308 408	10 350 649	8 644 621	1 292 508	9 937 129	413 520	4,00
Transfers and grants	iv	489 401	487 839	226 657	165 311	391 968	95 871	19,65
Other expenditure		8 850 515	8 833 230	9 741 193	(1 766 285)	7 974 908	858 322	9,72
<b>Total expenditure</b>		<b>38 498 749</b>	<b>38 498 749</b>	<b>36 423 373</b>	<b>(344 345)</b>	<b>36 079 028</b>	<b>2 419 721</b>	<b>6,29</b>
<b>Surplus</b>		<b>1 683 574</b>	<b>1 683 574</b>	<b>4 089 170</b>	<b>22 169</b>	<b>4 111 339</b>	<b>(2 427 765)</b>	
Transfers recognised - capital	v	2 543 596	2 543 596	2 079 448	1 472	2 080 920	462 676	18,19
Contributions recognised - capital and contributed assets		54 525	54 525	73 445	(23 641)	49 804	4 721	8,66
<b>Surplus after capital transfers and contributions</b>		<b>4 281 695</b>	<b>4 281 695</b>	<b>6 242 063</b>	<b>-</b>	<b>6 242 063</b>	<b>(1 960 368)</b>	<b>(45,78)</b>

<sup>1</sup> / <sup>2</sup> See note 39 for more details.



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# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

	Note	Approved budget <sup>1</sup>	Final budget <sup>1</sup>	Actual per annual financial statements classification	Recognition differences <sup>3</sup>	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
<b>CASH FLOW STATEMENT</b>	39.2.3							
Net cash from operating	i	7 783 578	7 783 578	9 246 334	-	9 246 334	(1 462 756)	(18,79)
Net cash from investing		(6 089 668)	(6 089 668)	(6 170 498)	-	(6 170 498)	80 830	(1,33)
Net cash from financing	ii	212 247	212 247	(143 179)	-	(143 179)	355 426	167,46
<b>Net increase in cash and cash equivalents</b>		<b>1 906 157</b>	<b>1 906 157</b>	<b>2 932 657</b>	<b>-</b>	<b>2 932 657</b>	<b>(1 026 500)</b>	<b>(53,85)</b>
<b>CAPITAL EXPENDITURE</b>	39.3.1							
Community Services and Health	i	313 947	313 947	295 246	(1 015)	294 231	19 716	6,28
Corporate Services	ii	269 714	269 714	252 050	-	252 050	17 664	6,55
Economic Opportunities and Asset Management		283 893	283 893	274 402	(1 688)	272 714	11 179	3,94
Energy and Climate Change	iii	863 238	863 238	740 525	8 931	749 456	113 782	13,18
Finance		26 851	26 851	26 224	-	26 224	627	2,34
Human Settlements	iv	732 986	732 986	671 564	14 444	686 008	46 978	6,41
Office of the City Manager	v	2 696	2 696	2 500	-	2 500	196	7,27
Safety and Security		212 649	212 649	207 023	(157)	206 866	5 783	2,72
Spatial Planning and Environment	vi	62 253	62 253	43 314	-	43 314	18 939	30,42
Transport	vii	1 169 139	1 169 139	987 340	-	987 340	181 799	15,55
Urban Management		23 477	23 477	22 429	-	22 429	1 048	4,46
Water and Waste Services	viii	2 675 289	2 675 289	1 873 061	(99 903)	1 773 158	902 131	33,72
<b>Total</b>		<b>6 636 132</b>	<b>6 636 132</b>	<b>5 395 678</b>	<b>(79 388)</b>	<b>5 316 290</b>	<b>1 319 842</b>	<b>19,89</b>

<sup>1/3</sup> See note 39 for more details.



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the City's operations. This note presents information about the City's exposure to each of the above risks, policies and processes for measuring and managing risk, as well as the City's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
<b>2019</b>					
<b>Financial assets</b>					
Investments	2 644 041	4 864 661	366 187	7 874 889	7 959 637
Long-term receivables	32 631	-	-	32 631	32 631
Receivables	3 912 327	-	-	3 912 327	3 912 327
Other receivables	208 623	-	-	208 623	208 623
Cash and cash equivalents	7 737 549	681 726	-	8 419 275	8 419 275
<b>TOTAL</b>	<b>14 535 171</b>	<b>5 546 387</b>	<b>366 187</b>	<b>20 447 745</b>	<b>20 532 493</b>
<b>Non-financial assets arising out of the operation of law</b>					
Receivables	2 303 595	-	-	2 303 595	2 303 595
Other receivables	468 289	-	-	468 289	468 289
<b>TOTAL</b>	<b>2 771 884</b>	<b>-</b>	<b>-</b>	<b>2 771 884</b>	<b>2 771 884</b>
<b>Derivative financial assets</b>					
Forward exchange contracts	-	-	-	-	-
<b>2018</b>					
<b>Financial assets</b>					
Investments	2 405 707	4 166 793	520 849	7 093 349	7 115 281
Long-term receivables	40 144	-	-	40 144	40 144
Receivables	3 462 386	-	-	3 462 386	3 462 386
Other receivables	255 766	-	-	255 766	255 766
Cash and cash equivalents	4 540 932	945 686	-	5 486 618	5 486 618
<b>TOTAL</b>	<b>10 704 935</b>	<b>5 112 479</b>	<b>520 849</b>	<b>16 338 263</b>	<b>16 360 195</b>
<b>Non-financial assets arising out of the operation of law</b>					
Receivables	2 164 014	-	-	2 164 014	2 164 014
Other receivables	368 221	-	-	368 221	368 221
<b>TOTAL</b>	<b>2 532 235</b>	<b>-</b>	<b>-</b>	<b>2 532 235</b>	<b>2 532 235</b>
<b>Derivative financial assets</b>					
Forward exchange contracts	11	-	-	11	11

The 2018 comparative amount has been restated - see note 38.



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

	Amortised cost	Total carrying amount	Fair value
<b>2019</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 698 533	6 698 533	7 209 661
Payables	4 785 319	4 785 319	4 785 319
<b>TOTAL</b>	<b>11 483 852</b>	<b>11 483 852</b>	<b>11 994 980</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts	56	56	56
<b>2018</b>			
<b>Non-derivative financial liabilities</b>			
Borrowings	6 869 341	6 869 341	6 033 741
Payables	4 791 596	4 791 596	4 791 596
<b>TOTAL</b>	<b>11 660 937</b>	<b>11 660 937</b>	<b>10 825 337</b>

### 1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

- Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.
- Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1	Level 2	Level 3	Total
<b>2019</b>				
<b>Financial assets</b>				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
<b>TOTAL</b>	<b>4 250 245</b>	<b>1 296 142</b>	<b>-</b>	<b>5 546 387</b>
<b>Derivative financial assets</b>				
Forward exchange contracts	-	-	-	-
<b>2018</b>				
<b>Financial assets</b>				
Investments	1 097 071	3 069 722	-	4 166 793
Cash and cash equivalents	-	945 686	-	945 686
<b>TOTAL</b>	<b>1 097 071</b>	<b>4 015 408</b>	<b>-</b>	<b>5 112 479</b>
<b>Derivative financial assets</b>				
Forward exchange contracts	11	-	-	11

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.1 Fair values (continued)

	Level 1	Level 2	Level 3	Total
<b>2019</b>				
<b>Financial liabilities</b>				
Long-term borrowings	6 698 533	-	-	6 698 533
<b>Derivative financial liabilities</b>				
Forward exchange contracts	56	-	-	56
<b>2018</b>				
<b>Financial liabilities</b>				
Long-term borrowings	6 869 341	-	-	6 869 341

### 1.2 Liquidity risk

Liquidity risk is the risk of the City not being able to meet its obligations as they fall due. The City's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the City's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year	1-5 years	>5 years	Total
<b>2019</b>				
<b>Non-derivative financial liabilities</b>	<b>5 854 078</b>	<b>5 713 623</b>	<b>3 543 797</b>	<b>15 111 498</b>
Borrowings	1 068 759	5 713 623	3 543 797	10 326 179
Capital repayments	357 154	3 266 024	3 075 355	6 698 533
Interest	711 605	2 447 599	468 442	3 627 646
Payables	4 785 319	-	-	4 785 319
Trade payables	4 408 435	-	-	4 408 435
Sundry creditors	376 884	-	-	376 884
<b>Derivative financial liabilities</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>56</b>
Forward exchange contracts	56	-	-	56
<b>TOTAL</b>	<b>5 854 134</b>	<b>5 713 623</b>	<b>3 543 797</b>	<b>15 111 554</b>

### 1.3 Credit risk

Credit risk is the risk of financial loss to the City if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the City's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	2019	2018
Investments	7 514 021	6 577 819
Long-term receivables – see note 7	32 631	40 144
Receivables and other receivables	6 892 834	6 250 387
Cash and cash equivalents	8 419 275	5 486 618
<b>TOTAL</b>	<b>22 858 761</b>	<b>18 354 968</b>

The 2018 comparative amount has been restated - see note 38.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.3 Credit risk (continued)

#### Investments and cash and cash equivalents

The City limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved cash management and investment policy. Consequently, the City does not consider there to be any significant exposure to credit risk.

#### Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the City obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

#### Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The City has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The City is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The City's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The City has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest debtors represent 1,59% (2018: 1,56%) of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The City has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9 and 10.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be contested in writing and can lead to a renegotiated fine.

### 1.4 Capital management

The primary objective of managing the City's capital is to ensure that there is sufficient cash available to support the City's funding requirements, including capital expenditure, so that the City remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the City's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue, during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

### 1.5 Price risk

The City is exposed to price risk because of investments held by the City and classified as financial instruments carried at fair value. The City is not exposed to commodity price risk. To manage its price risk arising from investments, the City diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the City. The exposure to price risk is not material to the City and, consequently, is not elaborated on any further.



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 1. FINANCIAL RISK MANAGEMENT (continued)

### 1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates affecting the City's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

#### 1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City's exposure to the risk of changes in market rates relates primarily to the City's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2019 were as follows:

	Weighted average interest rate %	Maturity of interest-bearing assets/liabilities			Total
		1 year or less	1-5 years	>5 years	
<b>Financial assets</b>					
Investments	8,21	3 214 057	3 054 621	1 927 068	8 195 746
Cash and cash equivalents	7,28	7 737 549	-	-	7 737 549
<b>TOTAL</b>		<b>10 951 606</b>	<b>3 054 621</b>	<b>1 927 068</b>	<b>15 933 295</b>
<b>Financial liabilities</b>					
Borrowings	10,05	357 154	3 266 024	3 075 355	6 698 533

#### Sensitivity analysis

##### Financial assets

As at 30 June 2019, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R161,46 million with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

##### Financial liabilities

Changes in the interest rate as at 30 June 2019 would have no impact on the statement of financial performance as all borrowings are at a fixed interest rate.

#### 1.6.2 Currency risk

The City is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The City manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The City manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, so as to predetermine the rand value of the contracted goods or services.

#### Sensitivity analysis

As at 30 June 2019, if the foreign-exchange rate at that date had been 5% higher, with all other variables held constant, the surplus for the year would have increased by R77 711,93 due to the changes in the carrying value of the foreign-exchange asset at the reporting date, with the opposite effect if the foreign-exchange rate had been 5% lower.



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 2. PROPERTY, PLANT AND EQUIPMENT

	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 159 361	(984 941)	3 174 420	3 828 532	(924 880)	2 903 652
Infrastructure	42 645 904	(13 397 550)	29 248 354	39 017 783	(12 001 275)	27 016 508
Community	9 483 241	(3 238 814)	6 244 427	9 224 175	(2 952 476)	6 271 699
Other	10 106 002	(5 788 178)	4 317 824	9 267 974	(5 235 196)	4 032 778
Service concession	1 382 175	(675 334)	706 841	1 411 417	(576 910)	834 507
Housing rental stock	3 102 806	(1 091 440)	2 011 366	3 115 668	(1 021 046)	2 094 622
<b>TOTAL</b>	<b>70 879 489</b>	<b>(25 176 257)</b>	<b>45 703 232</b>	<b>65 865 549</b>	<b>(22 711 783)</b>	<b>43 153 766</b>

### Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
<b>As at 30 June 2019</b>							
Land and buildings	2 903 652	264 090	66 739	-	(56 132)	(3 929)	3 174 420
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 032 778	(189 543)	1 217 936	(19 384)	(721 096)	(2 867)	4 317 824
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
<b>TOTAL</b>	<b>43 153 766</b>	<b>(17 719)</b>	<b>5 286 847</b>	<b>(37 369)</b>	<b>(2 652 645)</b>	<b>(29 648)</b>	<b>45 703 232</b>

(See annexure B for more details.)

### As at 30 June 2018

Land and buildings	2 545 255	235 171	169 485	(361)	(45 303)	(595)	2 903 652
Infrastructure	25 032 151	(505 094)	3 725 408	-	(1 231 734)	(4 223)	27 016 508
Community	5 868 983	308 678	368 892	(15)	(274 143)	(696)	6 271 699
Other	3 662 509	(103 634)	1 139 502	(19 551)	(644 970)	(1 078)	4 032 778
Service concession	955 541	481	268	-	(116 809)	(4 974)	834 507
Housing rental stock	2 132 052	-	63 172	(3 445)	(97 157)	-	2 094 622
<b>TOTAL</b>	<b>40 196 491</b>	<b>(64 398)</b>	<b>5 466 727</b>	<b>(23 372)</b>	<b>(2 410 116)</b>	<b>(11 566)</b>	<b>43 153 766</b>



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets under construction – carrying value	2019	2018
Infrastructure	2 525 750	2 600 717
Community	168 214	217 903
Other	218 124	368 406

### PPE projects

#### • Significantly delayed

Infrastructure	13 517	227 170
Community	568	27 695
	14 085	254 865

The significant delays are mainly due to delays in the construction of a new electricity depot worth R9,60 million (2018: R8,63 million) and the roll-out of certain sections of the integrated rapid transit (IRT) network worth R2,00 million (2018: R150,55 million).

#### • Halted

Infrastructure	133 996	-
Community	17 366	27 748
	151 362	27 748

These halted projects are mainly due to supply chain management (SCM) processes outstanding in the construction of a waste water treatment works worth R125,10 million (2018: nil) and safety concerns in an integrated Manenberg project worth R16,99 million (2018: nil).

Capital commitments - approved and contracted for capital expenditure	2019	2018
Infrastructure	3 294 374	1 651 658
Community	3 864	63 446
Other	56 299	312 963
<b>TOTAL</b>	<b>3 354 537</b>	<b>2 028 067</b>

Capital contractual commitments represent future capital expenditure, exclusive of VAT. The City is obligation to spend these amounts due to signed contracts with suppliers.

### Repairs and maintenance

An amount of R2,58 billion (2018: R2,45 billion) was spent for the year under review. In determining the repairs and maintenance amount, the City has exclusively disclosed amounts charged by the service providers.

### Residual value

During the current financial year, the City reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 38.)

### Impairment of non-cash-generating assets

The recoverable amount of impaired assets is R12,77 million (2018: R53,79 million). Impairment losses arise mainly from damage to City movable and immovable assets due to accidents and protest actions.

### Service concession assets

The City has made service concession arrangements with three operators on the MyCiTi IRT system. Included are IRT buses and related depots. The City does however retain full control over the nature, timing and extent of the services that the operators must perform.



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## 3. HERITAGE ASSETS

	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 280	-	10 280	8 891	-	8 891

### Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
<b>As at 30 June 2019</b>					
Paintings and museum items	8 891	-	1 389	-	10 280

(See annexure B for more details.)

### As at 30 June 2018

Paintings and museum items	8 904	(13)	-	-	8 891
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Heritage assets are held at cost, as it is impractical to determine their fair value.

## 4. INVESTMENT PROPERTY

	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(59 682)	582 961	642 681	(57 968)	584 713

### Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
<b>As at 30 June 2019</b>						
Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961

(See annexure B for more details.)

### As at 30 June 2018

Land and buildings	586 427	-	-	(1 714)	-	584 713
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## 5. INTANGIBLE ASSETS

	As at 30 June 2019			As at 30 June 2018		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(354 637)	206 804	561 441	(284 457)	276 984
Computer software	1 129 306	(642 932)	486 374	1 003 942	(564 917)	439 025
<b>TOTAL</b>	<b>1 690 747</b>	<b>(997 569)</b>	<b>693 178</b>	<b>1 565 383</b>	<b>(849 374)</b>	<b>716 009</b>

### Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Carrying value
<b>As at 30 June 2019</b>					
Acquisition of rights	276 984	-	-	(70 180)	206 804
Computer software	439 025	17 732	107 442	(77 825)	486 374
<b>TOTAL</b>	<b>716 009</b>	<b>17 732</b>	<b>107 442</b>	<b>(148 005)</b>	<b>693 178</b>

(See annexure B for more details.)

### As at 30 June 2018

Acquisition of rights	347 048	116	-	(70 180)	276 984
Computer software	331 823	64 293	127 894	(84 985)	439 025
<b>TOTAL</b>	<b>678 871</b>	<b>64 409</b>	<b>127 894</b>	<b>(155 165)</b>	<b>716 009</b>

## 6. INVESTMENTS

	Amortised cost	Fair value	Cost	Total
<b>As at 30 June 2019</b>				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments – see note 12	2 503 446	-	-	2 503 446
Other fixed deposits	7 498 423	-	-	7 498 423
Deposits held with fund managers	-	5 546 387	-	5 546 387
Shares in CTICC	-	-	833 998	833 998
	10 084 436	5 546 387	833 998	16 464 821
Provision for impairment	(5 319)	-	(467 811)	(473 130)
<b>Net investments</b>	<b>10 079 117</b>	<b>5 546 387</b>	<b>366 187</b>	<b>15 991 691</b>
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 11	(7 435 076)	(681 726)	-	(8 116 802)
<b>TOTAL</b>	<b>2 570 708</b>	<b>2 405 664</b>	<b>366 187</b>	<b>5 342 559</b>

### As at 30 June 2018

RSA Government stock	82 838	-	-	82 838
Guaranteed investment instruments – see note 12	2 264 754	-	-	2 264 754
Other fixed deposits	4 354 545	-	-	4 354 545
Deposits held with fund managers	-	5 112 479	-	5 112 479
Shares in CTICC	-	-	833 998	833 998
	6 702 137	5 112 479	833 998	12 648 614
Provision for impairment	(5 319)	-	(313 149)	(318 468)
<b>Net investments</b>	<b>6 696 818</b>	<b>5 112 479</b>	<b>520 849</b>	<b>12 330 146</b>
Transferred to current investments	(63 412)	(1 918 164)	-	(1 981 576)
Transferred to cash and cash equivalents – see note 11	(4 291 111)	(945 686)	-	(5 236 797)
<b>TOTAL</b>	<b>2 342 295</b>	<b>2 248 629</b>	<b>520 849</b>	<b>5 111 773</b>



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FOR THE YEAR ENDED 30 JUNE 2019

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## 6. INVESTMENTS (continued)

### Collateral deposits for staff housing loans

Included in other fixed deposits are fixed deposits with a carrying value of R20 thousand (2018: R40 thousand), which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The City has not issued fixed deposits as security since 2000. However, interest earned on certain deposits are still being capitalised. The City's exposure to risk is minimised by an insurance policy taken out by the employee and ceded to the City to cover the guaranteed deposit.

### Cape Town International Convention Centre Company (RF) SOC Ltd (CTICC)

The cost of the City's investment in CTICC at 30 June 2019 is R833,99 million (2018: R833,99 million) and the impairment loss provision is R467,81 million (2018: R313,15 million). At year end an impairment assessment was made based on the projected cash flows of the entity. Based on the calculation, a fair value of R366,19 million was determined. This resulted in an increase of R154,66 million in the impairment.

### Cape Town Stadium (RF) SOC Ltd

The City is the sole shareholder of the Cape Town Stadium (RF) SOC Limited, which started operating as a municipal entity from 1 February 2018. The City is the holder of 100 ordinary shares issued with no par value.

### Compensation for occupational injuries and diseases (COID investments)

Pledged RSA Government stock (bonds) of R82,57 million (2018: R82,84 million) and fixed deposits of R63,34 million (2018: nil) were purchased at the request of the Department of Labour in terms of the Occupational Injuries and Diseases Act 130 of 1993 as the Compensation Commissioner is required to hold the physical scrip and guarantees as security for the City's liabilities under the Act.

## 7. LONG-TERM RECEIVABLES

	2019	2018
<b>Exchange transactions</b>		
	624	906
Other	897	4 498
Provision for impairment	(273)	(3 592)
	32 007	39 238
Housing selling developments	33 888	47 648
Provision for impairment	(1 881)	(8 410)
	191 896	191 896
	224 527	232 040
	(8 838)	(14 290)
Transferred to current receivables		
<b>TOTAL</b>	<b>215 689</b>	<b>217 750</b>
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	12 002	13 058
Contribution from provisions	(9 848)	(1 056)
<b>Balance as at 30 June</b>	<b>2 154</b>	<b>12 002</b>

### 7.1 Other

#### Sporting bodies

To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

#### Housing land sale

The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

#### Public organisations

Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the MFMA and the Housing Act, no further loans have been awarded.



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## 7. LONG-TERM RECEIVABLES (continued)

### 7.2 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10,25% (2018:10%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

### 7.3 Payments made in advance

A payment relating to the Urban Settlement Development Grant (USDG) was paid in advance to Province - Department of Human Settlements for the construction of certain housing development infrastructure. Upon completion of these projects the infrastructure will be transferred to the City of Cape Town. During the current financial year none of the projects were completed, therefore the advance payment balance remained unchanged.

## 8. INVENTORY

	2019	2018
Consumable stock	329 491	355 679
Water	48 631	42 049
Other goods held for use/resale	57 869	73 999
<b>TOTAL</b>	<b>435 991</b>	<b>471 727</b>

Inventory to the value of R0,52 million (2018: R0,33 million) was scrapped during the year. Inventory to the value of R579,57 million (2018: R566,78 million) was expensed during the year.

## 9. RECEIVABLES

	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>From exchange transactions</b>	<b>7 683 161</b>	<b>(3 770 834)</b>	<b>3 912 327</b>	<b>6 997 295</b>	<b>(3 534 909)</b>	<b>3 462 386</b>
Service debtors	6 644 735	(2 966 457)	3 678 278	6 063 377	(2 771 475)	3 291 902
Housing rental stock	714 284	(579 722)	134 562	613 542	(544 588)	68 954
Housing selling stock	198 517	(173 756)	24 761	201 779	(172 933)	28 846
Other exchange debtors	125 625	(50 899)	74 726	118 597	(45 913)	72 684
<b>From non-exchange transactions</b>	<b>3 298 308</b>	<b>(994 713)</b>	<b>2 303 595</b>	<b>2 949 213</b>	<b>(785 199)</b>	<b>2 164 014</b>
Rates debtors	3 236 992	(989 747)	2 247 245	2 905 875	(780 645)	2 125 230
Other non-exchange debtors	61 316	(4 966)	56 350	43 338	(4 554)	38 784
<b>TOTAL</b>	<b>10 981 469</b>	<b>(4 765 547)</b>	<b>6 215 922</b>	<b>9 946 508</b>	<b>(4 320 108)</b>	<b>5 626 400</b>

As at 30 June 2019, the City's receivables balance included an amount of approximately R241,28 million (2018: R199,34 million), owed by National Government and Province.

	2019	2018
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	4 320 108	3 844 285
Contributions to provisions	945 320	689 796
Transfers from provisions	(7 215)	(6 864)
Bad debts written off	(492 666)	(207 109)
<b>Balance as at 30 June</b>	<b>4 765 547</b>	<b>4 320 108</b>

The 2018 comparative amount has been restated - see note 38.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 9. RECEIVABLES (continued)

	Analysis of receivables' age in days					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>7 683 161</b>	<b>(3 770 834)</b>	<b>3 912 327</b>	<b>6 997 295</b>	<b>(3 534 909)</b>	<b>3 462 386</b>
<b>Service debtors</b>	<b>6 644 735</b>	<b>(2 966 457)</b>	<b>3 678 278</b>	<b>6 063 377</b>	<b>(2 771 475)</b>	<b>3 291 902</b>
Not past due date	1 779 621	(123 106)	1 656 515	1 798 327	(89 428)	1 708 899
Past due						
0-90	813 083	(61 424)	751 659	886 699	(58 406)	828 293
91-365	1 425 282	(155 178)	1 270 104	818 735	(64 025)	754 710
365+	2 626 749	(2 626 749)	-	2 559 616	(2 559 616)	-
<b>• Electricity</b>	1 831 809	(359 865)	1 471 944	1 663 192	(328 438)	1 334 754
Not past due date	921 748	(20 239)	901 509	889 685	(11 740)	877 945
Past due						
0-90	383 621	(8 423)	375 198	346 894	(4 577)	342 317
91-365	199 621	(4 384)	195 237	116 023	(1 531)	114 492
365+	326 819	(326 819)	-	310 590	(310 590)	-
<b>• Water</b>	3 024 398	(1 623 589)	1 400 809	2 841 804	(1 653 828)	1 187 976
Not past due date	465 228	(60 092)	405 136	538 149	(69 242)	468 907
Past due						
0-90	280 770	(36 266)	244 504	399 463	(51 390)	348 073
91-365	862 587	(111 418)	751 169	425 768	(54 772)	370 996
365+	1 415 813	(1 415 813)	-	1 478 424	(1 478 424)	-
<b>• Waste management</b>	687 999	(398 871)	289 128	565 488	(335 654)	229 834
Not past due date	131 139	(15 500)	115 639	109 543	(6 694)	102 849
Past due						
0-90	88 237	(10 429)	77 808	27 428	(1 676)	25 752
91-365	108 506	(12 825)	95 681	107 821	(6 588)	101 233
365+	360 117	(360 117)	-	320 696	(320 696)	-
<b>• Wastewater management</b>	1 100 529	(584 132)	516 397	992 893	(453 555)	539 338
Not past due date	261 506	(27 275)	234 231	260 950	(1 752)	259 198
Past due						
0-90	60 455	(6 306)	54 149	112 914	(763)	112 151
91-365	254 568	(26 551)	228 017	169 123	(1 134)	167 989
365+	524 000	(524 000)	-	449 906	(449 906)	-

The 2018 comparative amount has been restated - see note 38.



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## 9. RECEIVABLES (continued)

	Analysis of receivables' age in days (continued)					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS (continued)</b>						
<b>Housing rental stock</b>	<b>714 284</b>	<b>(579 722)</b>	<b>134 562</b>	<b>613 542</b>	<b>(544 588)</b>	<b>68 954</b>
Not past due date	78 082	(21 364)	56 718	72 611	(46 558)	26 053
Past due						
0-90	34 788	(9 518)	25 270	54 072	(34 671)	19 401
91-365	72 376	(19 802)	52 574	65 496	(41 996)	23 500
365+	529 038	(529 038)	-	421 363	(421 363)	-
<b>Housing selling stock</b>	<b>198 517</b>	<b>(173 756)</b>	<b>24 761</b>	<b>201 779</b>	<b>(172 933)</b>	<b>28 846</b>
Not past due date	2 091	(151)	1 940	343	(62)	281
Past due						
0-90	14 287	(1 580)	12 707	19 149	(3 488)	15 661
91-365	10 642	(528)	10 114	15 778	(2 874)	12 904
365+	171 497	(171 497)	-	166 509	(166 509)	-
<b>Other exchange debtors</b>	<b>125 625</b>	<b>(50 899)</b>	<b>74 726</b>	<b>118 597</b>	<b>(45 913)</b>	<b>72 684</b>
Not past due date	39 962	(1 304)	38 658	40 587	-	40 587
Past due						
0-90	18 979	(619)	18 360	16 141	-	16 141
91-365	18 305	(597)	17 708	15 956	-	15 956
365+	48 379	(48 379)	-	45 913	(45 913)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>3 298 308</b>	<b>(994 713)</b>	<b>2 303 595</b>	<b>2 949 213</b>	<b>(785 199)</b>	<b>2 164 014</b>
<b>Rates debtors</b>	<b>3 236 992</b>	<b>(989 747)</b>	<b>2 247 245</b>	<b>2 905 875</b>	<b>(780 645)</b>	<b>2 125 230</b>
Not past due date	1 785 698	(75 870)	1 709 828	1 911 885	(25 699)	1 886 186
Past due						
0-90	160 524	(6 820)	153 704	46 271	(622)	45 649
91-365	400 740	(17 027)	383 713	196 030	(2 635)	193 395
365+	890 030	(890 030)	-	751 689	(751 689)	-
<b>Other non-exchange debtors</b>	<b>61 316</b>	<b>(4 966)</b>	<b>56 350</b>	<b>43 338</b>	<b>(4 554)</b>	<b>38 784</b>
Not past due date	27 493	(1 912)	25 581	29 486	-	29 486
Past due						
0-90	9 035	(628)	8 407	6 567	(793)	5 774
91-365	24 034	(1 672)	22 362	4 007	(483)	3 524
365+	754	(754)	-	3 278	(3 278)	-
<b>TOTAL</b>	<b>10 981 469</b>	<b>(4 765 547)</b>	<b>6 215 922</b>	<b>9 946 508</b>	<b>(4 320 108)</b>	<b>5 626 400</b>

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their invoices. It also includes debtors to the value of R836,57 million (2018: R818,72 million) who have arranged to repay their outstanding arrear debt over a renegotiated period.

The 2018 comparative amount has been restated - see note 38.



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## 10. OTHER RECEIVABLES

	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>From exchange transactions</b>	<b>432 828</b>	<b>(107 809)</b>	<b>325 019</b>	<b>406 398</b>	<b>(105 225)</b>	<b>301 173</b>
Payments made in advance	116 396	-	116 396	45 407	-	45 407
Property rentals	83 393	(61 342)	22 051	68 721	(60 875)	7 846
Other exchange debtors	233 039	(46 467)	186 572	292 270	(44 350)	247 920
<b>From non-exchange transactions</b>	<b>2 020 881</b>	<b>(1 552 592)</b>	<b>468 289</b>	<b>1 858 245</b>	<b>(1 490 024)</b>	<b>368 221</b>
Government subsidies	99 856	-	99 856	23 058	-	23 058
Traffic fines	1 888 903	(1 552 592)	336 311	1 819 949	(1 490 024)	329 925
Other non-exchange debtors	32 122	-	32 122	15 238	-	15 238
<b>TOTAL</b>	<b>2 453 709</b>	<b>(1 660 401)</b>	<b>793 308</b>	<b>2 264 643</b>	<b>(1 595 249)</b>	<b>669 394</b>

	2019	2018
<b>Reconciliation of impairment provision</b>		
Balance at beginning of the year	1 595 249	1 415 609
Contributions to provisions	998 759	999 897
Bad debt written off	(933 607)	(820 257)
<b>Balance as at 30 June</b>	<b>1 660 401</b>	<b>1 595 249</b>

The 2018 comparative amount has been restated - see note 38.



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## 10. OTHER RECEIVABLES (continued)

	Analysis of receivables' age in days					
	As at 30 June 2019			As at 30 June 2018		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
<b>FROM EXCHANGE TRANSACTIONS</b>	<b>432 828</b>	<b>(107 809)</b>	<b>325 019</b>	<b>406 398</b>	<b>(105 225)</b>	<b>301 173</b>
Payment made in advance	116 396	-	116 396	45 407	-	45 407
Not past due date	116 396	-	116 396	45 407	-	45 407
<b>Property rentals</b>	<b>83 393</b>	<b>(61 342)</b>	<b>22 051</b>	<b>68 721</b>	<b>(60 875)</b>	<b>7 846</b>
Not past due date	12 503	(626)	11 877	(3 744)	284	(3 460)
Past due						
0-90	6 669	(335)	6 334	(8 385)	636	(7 749)
91-365	4 042	(202)	3 840	20 620	(1 565)	19 055
365+	60 179	(60 179)	-	60 230	(60 230)	-
<b>Other exchange debtors</b>	<b>233 039</b>	<b>(46 467)</b>	<b>186 572</b>	<b>292 270</b>	<b>(44 350)</b>	<b>247 920</b>
Not past due date	182 346	(120)	182 226	242 136	(34)	242 102
Past due						
0-90	311	(48)	263	4 962	(29)	4 933
91-365	4 264	(181)	4 083	922	(37)	885
365+	46 118	(46 118)	-	44 250	(44 250)	-
<b>FROM NON-EXCHANGE TRANSACTIONS</b>	<b>2 020 881</b>	<b>(1 552 592)</b>	<b>468 289</b>	<b>1 858 245</b>	<b>(1 490 024)</b>	<b>368 221</b>
Government subsidies	99 856	-	99 856	23 058	-	23 058
Not past due date	99 856	-	99 856	23 058	-	23 058
<b>Traffic fines</b>	<b>1 888 903</b>	<b>(1 552 592)</b>	<b>336 311</b>	<b>1 819 949</b>	<b>(1 490 024)</b>	<b>329 925</b>
Past due						
0-90	298 727	(244 531)	54 196	221 577	(180 786)	40 791
91-365	776 810	(635 880)	140 930	326 753	(266 599)	60 154
365+	813 366	(672 181)	141 185	1 271 619	(1 042 639)	228 980
<b>Other non-exchange debtors</b>	<b>32 122</b>	<b>-</b>	<b>32 122</b>	<b>15 238</b>	<b>-</b>	<b>15 238</b>
Not past due date	32 122	-	32 122	15 238	-	15 238
<b>TOTAL</b>	<b>2 453 709</b>	<b>(1 660 401)</b>	<b>793 308</b>	<b>2 264 643</b>	<b>(1 595 249)</b>	<b>669 394</b>

The 2018 comparative amount has been restated - see note 38.



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	2019	2018
<b>11. CASH AND CASH EQUIVALENTS</b>		
<b>Amortised cost</b>	7 737 549	4 540 932
Bank balance *	245 953	209 735
Year-end accruals	473	466
Cash on hand and in transit	56 047	39 620
Call and short-term deposits – see note 6	7 435 076	4 291 111
<b>Fair value – see note 6</b>	681 726	945 686
Call and short-term deposits	668 840	934 710
Bank accounts managed by fund managers *	12 886	10 976
<b>TOTAL</b>	<b>8 419 275</b>	<b>5 486 618</b>

\*See annexure C for more details.

<b>12. BORROWINGS</b>		
Marketable bonds	5 163 986	5 268 213
Concessionary loans	1 431 797	1 433 991
Other loans	102 750	167 137
Subtotal – see annexure A for more details	6 698 533	6 869 341
Transferred to current liabilities	(427 596)	(376 803)
<b>TOTAL</b>	<b>6 270 937</b>	<b>6 492 538</b>

A total of R2,50 billion (2018: R2,26 billion) has been ring-fenced for the repayment of the long-term liabilities – see note 6 for more details.

<b>MARKETABLE BONDS</b>	<b>5 163 986</b>	<b>5 268 213</b>
<b>Marketable bonds</b>	5 163 986	5 268 213
<p>In terms of the City's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R5,05 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (Green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04 – Green bond). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).</p>		



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## 12. BORROWINGS (continued)

	2019	2018
<b>CONCESSIONARY LOANS</b>	<b>1 431 797</b>	<b>1 433 991</b>
<b>Agence Française de Développement (AFD)</b> An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2019 was R1,43 billion (2018: R1,59 billion).	1 297 027	1 426 349
<b>Nedcor Bank</b> An unsecured loan, bearing interest at a fixed rate of 1% per annum, payable annually. The loan capital was fully repaid on 31 May 2019.	-	41
<b>Development Bank of Southern Africa (DBSA)</b> An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 30 June 2020. Nominal value as at 30 June 2019 was R4 million (2018: R8 million).	3 878	7 601
<b>KfW Development Bank</b> An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. The loan will be received in three tranches with tranche 1 and 2 received during the 2019 financial year, and tranche 3 to be received in the following financial year. This loan will be fully paid on 15 November 2033. Nominal value as at 30 June 2019 was R153 million (2018: nil).	130 892	-
<b>OTHER LOANS</b>	<b>102 750</b>	<b>167 137</b>
<b>DBSA</b> Unsecured loans, bearing interest at fixed rates ranging between 9,42% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. These loans have various final redemption dates, ranging from 30 June 2020 to 31 December 2022.	102 750	156 602
<b>ABSA Bank</b> An unsecured loan, bearing interest at a fixed rate of 10,90% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. Final redemption took place on 2 July 2018.	-	10 535
<b>TOTAL</b> - see annexure A for more details	<b>6 698 533</b>	<b>6 869 341</b>

For more details about short-term debt facilities available to the City, see annexure C.



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## 13. RETIREMENT BENEFIT INFORMATION

The City makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,21 billion (2018: R1,11 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

### 13.1 Defined-benefit schemes

#### LA Retirement Fund (multi-employer fund)

The last statutory actuarial valuation of the fund was performed at 30 June 2016, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The valuation indicated a R116,9 million surplus with an overall funding level of 106,1% for the DB section and pensioners account respectively at the financial year-end. An interim valuation was performed at 30 June 2018, which indicated a R63,4 million surplus with an overall funding level of 103,7% for the DB section and pensioners account respectively at year-end.

#### South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and in the opinion of the actuary, the fund investment policy and nature of the fund's assets are adequate to match the nature of the fund's liabilities. It was 96% funded as at 1 July 2018, and has deteriorated slightly since the previous statutory valuation date.

### 13.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund)
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)

### 13.3 Defined-benefit and defined-contribution scheme

#### Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed as at 30 June 2018, which certified it as being in a financially sound position.

	DB section	DC section	Total
In-service members	196	9 436	9 632
Pensioners	2 725	1 882	4 607
Membership as at 30 June 2018	<b>2 921</b>	<b>11 318</b>	<b>14 239</b>

	2018 R'million	2017 R'million
Past-service position: DC section	11 489	10 418
DB section	3 952	4 255
Total liabilities	15 441	14 673
Assets valued at market value	15 548	14 728
Actuarial surplus	-	-

	%	%
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,64	1,03
Post-retirement	2,64	3,03
Normal retirement age	65 years	65 years



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## 14. PROVISIONS (NON-CURRENT)

	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
<b>As at 30 June 2019</b>						
Opening balance	599 277	319 035	5 280 300	14 503	12 062	6 225 177
Interest costs	61 063	33 629	560 299	1 671	-	656 662
Service costs	52 140	-	89 535	488	-	142 163
Benefit/rehabilitation payments	(62 372)	(1 976)	(243 188)	(580)	(787)	(308 903)
Actuarial gains	(24 501)	-	214 865	(2 659)	-	187 705
Change in estimate	-	48 504	-	-	-	48 504
Transferred from current provisions	79 206	1 546	245 333	2 260	-	328 345
	704 813	400 738	6 147 144	15 683	11 275	7 279 653
Current portion of provision	(86 529)	(54 850)	(259 038)	(2 149)	-	(402 566)
<b>TOTAL</b>	<b>618 284</b>	<b>345 888</b>	<b>5 888 106</b>	<b>13 534</b>	<b>11 275</b>	<b>6 877 087</b>

### 14.1 Long-service leave benefits

An actuarial valuation has been performed of the City's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

#### Discount rate

The fund benefit liability as at 30 June 2019 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long-term yield on the zero-coupon government bond as at 30 June 2019 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

Key financial assumptions	2019	2018
	%	%
Discount rate	8,38	9,00
Consumer price inflation	5,28	6,22
Salary increase	6,28	7,22

### 14.2 Environmental rehabilitation

In terms of the City's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used, or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2019. The provision estimate was changed as described in note 38.

Key cost parameters	2019	2018
Estimated dates of reaching full capacity	between 2018 and 2032	between 2019 and 2032
Estimated post closure rehabilitation time	4 years	3 years
Period for monitoring post closure	30 years	-
Average estimated annual inflation rate	4,65%	4,57%
Discount rate at the average borrowing rate	11,23%	10,27%

### 14.3 Post-retirement healthcare defined benefits

An actuarial valuation has been performed of the City's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the City.

For past service of in-service and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2019 constituted 6 708 (2018: 7 287) in-service members and 6 898 (2018: 6 857) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.



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## 14. PROVISIONS (NON-CURRENT) (continued)

### 14.3 Post-retirement healthcare defined benefits (continued)

#### Continuation of membership

It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town will remain on the employer's healthcare arrangements.

#### Family profile

Family profile was based on actual data and, therefore, no assumptions had to be made.

#### Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment healthcare liability.

#### Discount rate

The fund benefit liability to the City as at 30 June 2019 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bond curve.

Key financial assumptions	2019	2018
	%	%
Discount rate	10,13	10,14
Consumer price inflation	6,70	7,16
Healthcare cost inflation rate	8,70	8,16

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		<b>6 147 145</b>	<b>97 246</b>	<b>622 706</b>
Healthcare inflation	1% decrease	5 411 901	81 055	548 226
	1% increase	7 034 556	117 434	712 601
Post-retirement mortality	20% decrease	6 719 965	105 610	680 732
	20% increase	5 696 443	90 624	577 050

### 14.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the City's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the City.

For past service of employees and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2019 was 17 (2018: 19) in-service employees and 60 (2018: 69) pensioners.

#### Plan assets

Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

#### Discount rate

The fund benefit liability to the City as at 30 June 2019 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bond curve.

Key financial assumptions	2019	2018
	%	%
Discount rate	9,75	9,97
Consumer price inflation	6,40	7,04
General salary inflation rate	8,40	9,04



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	2019	2018
<b>15. DEPOSITS</b>		
Electricity and water	395 723	365 890
Other deposits	15 239	15 770
<b>TOTAL</b>	<b>410 962</b>	<b>381 660</b>

## 16. PROVISIONS (CURRENT)

	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COID claims	Leave benefits	Other provisions	Total
<b>As at 30 June 2019</b>							
Opening balance	79 206	1 546	247 593	7 859	639 096	39 855	1 015 155
Utilised	(79 206)	(1 546)	(247 593)	-	(923 893)	(19 142)	(1 271 380)
Raised	-	-	-	8 781	914 171	31 869	954 821
Reversed	-	-	-	(364)	(9 613)	(13 911)	(23 888)
Change in estimate	-	-	-	-	70 701	-	70 701
Transfers from non-current	86 529	54 850	261 187	-	-	-	402 566
<b>TOTAL</b>	<b>86 529</b>	<b>54 850</b>	<b>261 187</b>	<b>16 276</b>	<b>690 462</b>	<b>38 671</b>	<b>1 147 975</b>

### Leave benefits

Annual leave accrues to employees monthly, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

	2019	2018
<b>17. PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade and other creditors	4 766 266	4 775 126
Payments received in advance	913 998	1 110 065
Funds administrated on behalf of third parties	19 053	16 470
<b>TOTAL</b>	<b>5 699 317</b>	<b>5 901 661</b>

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

## 18. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

### Conditional grants from other spheres of government

National Government	1 155 398	963 071
Province	856 209	577 867
	299 189	385 204

### Other conditional receipts

Public contributions	142 772	104 674
	142 772	104 674

### TOTAL

See note 25, 26 and annexure E for more details of grants from National Government and Province as well as public contributions.

<b>1 298 170</b>	<b>1 067 745</b>
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	2019	2018
<b>19. VALUE-ADDED TAX (VAT)</b>		
VAT payable	608 386	390 215
Impairment adjustment	(62 810)	145 326
<b>Total VAT payable</b>	<b>545 576</b>	<b>535 541</b>
VAT receivable	(415 306)	(402 559)
<b>TOTAL</b>	<b>130 270</b>	<b>132 982</b>
The VAT liability was impaired as a result of impairment against debtors.		
<b>20. HOUSING DEVELOPMENT FUND</b>		
<b>Realised housing proceeds</b>		
Balance at beginning of the year	320 018	277 498
Income	48 872	44 099
Interest	20 579	18 705
Expenditure	(11 091)	(13 073)
Non-cash transfer to provision for impairment	-	(7 211)
Sponsored loans write-off	(1 034)	-
<b>Balance at end of the year</b>	<b>377 344</b>	<b>320 018</b>
<b>Unrealised housing proceeds</b>		
Balance at beginning of the year	39 271	54 070
Long-term loans realised	(17 112)	(15 855)
Transfer to impairment provision – selling schemes	9 848	1 544
Transfer from impairment provision – public organisations	-	(488)
<b>Balance at end of the year</b>	<b>32 007</b>	<b>39 271</b>
<b>TOTAL</b>	<b>409 351</b>	<b>359 289</b>
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors' loan agreement.		
<b>21. SERVICE CHARGES</b>		
Electricity	13 036 876	11 803 987
Water and wastewater	4 692 171	4 411 232
Solid waste	1 265 381	1 179 302
ICASA ECSN licence fees	26 206	23 656
Other	744 524	742 159
<b>TOTAL</b>	<b>19 765 158</b>	<b>18 160 336</b>
<b>22. FINANCE INCOME</b>		
<b>Exchange transactions</b>		
External investments	1 391 166	1 109 015
Outstanding debtors	1 173 625	935 079
Outstanding debtors	269 101	225 986
Transferred interest to conditional grants	(51 560)	(52 050)
<b>Non-exchange transactions</b>		
Outstanding debtors	92 302	76 885
<b>TOTAL</b>	<b>1 483 468</b>	<b>1 185 900</b>



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## 23. OTHER INCOME

### Exchange transactions

Bulk infrastructure levies  
Other income  
Discounts received  
Gains on foreign-exchange transactions  
Fair-value adjustments

### Non-exchange transactions

City improvement districts (CIDs)  
Fair-value adjustments

### TOTAL

The City received services in kind to an estimated value of R16,55 million (2018: R12,24 million) in the form of volunteers.

	2019	2018
	344 089	434 876
	192 384	188 127
	145 849	124 676
	1 368	119 566
	2	55
	4 486	2 452
	242 162	198 921
	216 629	198 921
	25 533	-
<b>TOTAL</b>	<b>586 251</b>	<b>633 797</b>

## 24. PROPERTY RATES

### Actual

Residential, commercial and other  
Income forgone\*

### TOTAL

### Valuations per category

Residential  
Commercial  
Agriculture  
Public service infrastructure  
Other

### TOTAL valuations at commencement of financial year

The current general valuation (GV2015) took effect on 1 July 2016 and applies until 30 June 2019. It is based on market-related values. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

	10 769 772	9 828 320
	(1 450 216)	(1 357 933)
<b>TOTAL</b>	<b>9 319 556</b>	<b>8 470 387</b>
	843 683 505	780 211 424
	265 792 562	242 767 984
	5 179 551	6 184 089
	5 053 282	5 170 313
	101 735 052	139 188 262
<b>TOTAL valuations at commencement of financial year</b>	<b>1 221 443 952</b>	<b>1 173 522 072</b>

## 25. GOVERNMENT GRANTS AND SUBSIDIES

### Unconditional grants

### Conditional grants

National Government  
Province

### TOTAL

### Analysis of government grants and subsidies

Operating  
Capital

### TOTAL

	3 016 366	2 658 727
	3 531 995	3 086 063
	2 589 476	2 201 927
	942 519	884 136
<b>TOTAL</b>	<b>6 548 361</b>	<b>5 744 790</b>
	4 468 913	4 011 324
	2 079 448	1 733 466
<b>TOTAL</b>	<b>6 548 361</b>	<b>5 744 790</b>



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	2019	2018
<b>26. PUBLIC CONTRIBUTIONS</b>		
<b>Conditional</b>		
Consumer connections	46 817	66 894
Contributed assets	1 472	5 131
Other	25 156	27 325
<b>TOTAL</b>	<b>73 445</b>	<b>99 350</b>
<b>27. EMPLOYEE-RELATED COSTS</b>		
Salaries, wages and allowances	11 408 842	10 469 207
Contributions and benefits paid: current provisions	5 292	4 396
Contributions: post-retirement and long-service benefits	952 901	422 637
Current service cost	142 163	137 759
Interest cost	623 033	601 551
Actuarial loss/(gain)	187 705	(316 673)
	12 367 035	10 896 240
Expenditure recharged to capital projects	(31 266)	(29 291)
<b>TOTAL</b>	<b>12 335 769</b>	<b>10 866 949</b>
<b>28. IMPAIRMENT COSTS</b>		
Receivables and other	1 582 947	1 556 933
Impairment of investment	154 662	67 917
Property, plant and equipment	29 648	11 566
<b>TOTAL</b>	<b>1 767 257</b>	<b>1 636 416</b>
The 2018 comparative amount has been restated - see note 38.		
<b>29. FINANCE COSTS</b>		
Borrowings	719 526	741 127
Unwinding of discount	33 629	40 798
<b>TOTAL</b>	<b>753 155</b>	<b>781 925</b>
The 2018 comparative amount has been restated - see note 38.		
<b>30. BULK PURCHASES</b>		
Electricity	8 281 772	7 870 527
Water	362 849	256 851
<b>TOTAL</b>	<b>8 644 621</b>	<b>8 127 378</b>
<b>31. CONTRACTED SERVICES</b>		
Transportation services	554 622	515 608
Refuse removal services	377 420	320 374
Sewerage services	350 117	313 367
Electrical services	200 725	227 292
Haulage of waste services	211 767	175 155
Other services	315 085	257 709
<b>TOTAL</b>	<b>2 009 736</b>	<b>1 809 505</b>

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these service.

\*Income forgone can be defined as any income that the City is entitled to by law to levy, but which has subsequently been forgone by way of remission.



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## 32 GENERAL EXPENSES

	2019	2018
Auditor remuneration	18 187	16 708
CIDs levies	210 130	192 953
Consultants	735 821	758 973
Free basic electricity (FBE) – Eskom service areas	141 472	119 996
Fair-value adjustments	763	6 857
Indigent relief	422 402	684 433
Inventory: scrapping	516	327
Loss on foreign-exchange transactions	7 043	137
Telecommunications	221 912	297 736
Building contractors	1 719 641	1 354 353
Fuel	313 649	272 059
Minor tools and equipment	513 126	479 569
Security services	646 765	562 878
Servicing of vehicle and equipment	489 474	527 719
Other expenditure	2 110 468	2 168 495
	7 551 369	7 443 193
Contributions from provisions	(42 982)	(42 644)
	7 508 387	7 400 549
Expenditure recharged to capital projects	(2 811)	(3 597)
<b>TOTAL</b>	<b>7 505 576</b>	<b>7 396 952</b>

The 2018 comparative amount has been restated - see note 38.

## 33. ANALYSIS OF DISCONTINUED OPERATION

The Cape Town Stadium is a multi-purpose stadium situated at Fritz Sonnenberg Road, Green Point, Cape Town, 8051. The City of Cape Town and Cape Town Stadium (RF) SOC Limited entered into an Interim Service Delivery Agreement to transfer the operations and management of the stadium to Cape Town Stadium (RF) SOC Limited. Cape Town Stadium (RF) SOC Limited is a 100% owned subsidiary of the City of Cape Town. The agreement became effective on 1 February 2018, subject to the Interim Service Delivery Agreement. No assets or liabilities of the Cape Town Stadium were transferred to the new entity. The relevant staff originally working for that department have been seconded to the municipal entity after a due consultation process.

	Note	2018
<b>Revenue</b>		
Service charges	21	120
Rental of letting stock and facilities		5 894
Other income	23	25
<b>Total revenue</b>		<b>6 039</b>
<b>Expenditure</b>		
Employee-related costs	27	11 637
Contracted services	31	6 353
General expenses	32	15 528
<b>Total expenditure</b>		<b>33 518</b>
<b>Deficit of discontinued operation</b>		<b>(27 479)</b>

### CASH FLOW STATEMENT

#### CASH FLOW FROM OPERATING ACTIVITIES

##### Discontinued operation

Cash receipts from ratepayers, government and other	6 039
Cash paid to suppliers and employees	(33 518)
<b>Net cash from discontinued operation</b>	<b>(27 479)</b>

#### DISCONTINUED OPERATION

A municipal entity was established in 2017 to manage and operate the Cape Town Stadium to achieve optimal commercialisation. The Cape Town Stadium operation is classified as a discontinued operation for the year ended 30 June 2018. Analysis of the result of the Cape Town Stadium operation is stated above.



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## 34. CASH GENERATED FROM CONTINUED OPERATIONS

	2019	2018
Surplus for the year	6 242 063	5 409 403
Adjustment for:	3 376 097	2 943 287
Depreciation	2 802 364	2 566 995
Contributed assets	(2 860)	(5 716)
Impairment	29 648	11 566
Unrealised foreign-exchange loss/(gain)	56	(11)
Fair value adjustment - borrowings	(25 537)	-
Gains and losses on disposal of assets	(113 615)	(74 867)
Contribution to provisions	751 101	125 915
Contribution to impairment provision - investments	154 662	67 917
Contribution to impairment provision - receivables and other	510 591	655 463
Finance income	(1 483 468)	(1 185 900)
Cash transactions	(1 427 759)	(1 150 625)
Non-cash transactions	(55 709)	(35 275)
Finance costs	753 155	781 925
Cash transactions	692 316	689 667
Non-cash transactions	60 839	92 258
<b>Operating surplus before working capital changes</b>	<b>9 618 160</b>	<b>8 352 690</b>
Decrease/(increase) in inventories	35 736	(147 191)
Increase in receivables	(979 252)	(1 043 355)
Increase in other receivables	(189 066)	(169 683)
Increase in unspent conditional grants and receipts	230 425	13 371
Decrease in payables	(202 400)	(61 407)
(Decrease)/increase in net VAT	(2 712)	39 616
<b>CASH GENERATED FROM CONTINUED OPERATIONS</b>	<b>8 510 891</b>	<b>6 984 041</b>

The 2018 comparative amount has been restated - see note 38.

## 35. CASH AND CASH EQUIVALENTS

Balance at the end of the year	8 419 275	5 486 618
Balance at the beginning of the year	(5 486 618)	(3 450 193)
<b>NET INCREASE</b>	<b>2 932 657</b>	<b>2 036 425</b>

## 36. OPERATING LEASE COMMITMENTS

### 36.1 The City as lessee

Future minimum lease payments under non-cancellable operating leases

#### Buildings

Payable within one year	52 569	10 489
Payable within two to five years	46 179	11 946

#### Radio masts

Payable within one year	587	378
Payable within two to five years	897	406
Payable after five years	-	106

#### TOTAL

<b>100 232</b>	<b>23 325</b>
----------------	---------------

Minimum lease payments recognised as an expense during the period amounted to R50,74 million (2018: R62,73 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.



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## 36. OPERATING LEASE COMMITMENTS (continued)

2019

2018

### 36.2 The City as lessor

Future minimum lease income under non-cancellable operating leases

#### Buildings

Receivable within one year	61 677	60 224
Receivable within two to five years	195 492	183 991
Receivable after five years	454 253	485 205
<b>TOTAL</b>	<b>711 422</b>	<b>729 420</b>

The City lets properties under operating leases. Property rental income earned during the year was R58,37 million (2018: R54,03 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease of R12,21 million in current-year income.

## 37. CONTINGENT LIABILITIES

### 37.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate based on management assessment is R282,17 million (2018: R263,41 million).

### 37.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R228,72 million (2018: R220,73 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.



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## 38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES

### 38.1 Correction of error

Correction of rental billing that was billed in contravention with the Allocation policy: Housing opportunity.

A shortcoming in the GRAP traffic management report has been identified where fine statuses in the traffic contravention system were not correctly reflected as withdrawn and therefore erroneously remained in the receivables balance. This has therefore had an impact on prior year figures, where fines were still reflecting as outstanding on the traffic management report although, it should have been recorded as withdrawn.

### 38.2 Reclassification

The City performed a revision on the classification of expenditure accounts in terms of GRAP 1. This resulted in the reclassification of certain line items.

During the audit it was identified that non-exchange receivables and other receivables arising out of the operation of law were incorrectly classified as financial instruments in note 1. These receivables and other receivables were reclassified as non-financial assets arising out of the operation of law.

During the audit it was identified that a payment made in advance was incorrectly classified as current instead of non-current. Subsequently it was reclassified from other receivable to long-term receivable: payments made in advance. See note 7 for more details.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the prior-year adjustments.

	Note	As previously reported	Correction of error	Reclassification	Restated
<b>1 July 2017</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Long-term receivables	7	40 973		191 896	<b>232 869</b>
<b>Current assets</b>					
Receivables	9	5 029 085	(5 492)	-	<b>5 023 593</b>
Other receivables	10	1 077 455	(206 208)	(191 896)	<b>679 351</b>
<b>TOTAL ASSETS</b>		<b>57 944 211</b>	<b>(211 700)</b>	<b>-</b>	<b>57 732 511</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>		<b>37 278 962</b>	<b>(211 700)</b>	<b>-</b>	<b>37 067 262</b>
Accumulated surplus		33 505 777	(211 700)	-	<b>33 294 077</b>
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>57 944 211</b>	<b>(211 700)</b>	<b>-</b>	<b>57 732 511</b>
<b>FINANCIAL RISK MANAGEMENT</b>					
<b>Financial assets</b>					
Receivables	1	5 029 085	(5 492)	-	<b>5 023 593</b>
Other receivables		989 034	(206 208)	-	<b>782 826</b>
<b>TOTAL CARRYING AMOUNT</b>		<b>16 055 263</b>	<b>(211 700)</b>	<b>-</b>	<b>15 843 563</b>
<b>LONG-TERM RECEIVABLES</b>					
Gross	7	55 174	-	191 896	<b>247 070</b>
Payments made in advance		-	-	191 896	<b>191 896</b>
Net		<b>40 973</b>	<b>-</b>	<b>191 896</b>	<b>232 869</b>
<b>RECEIVABLES</b>					
Gross	9	8 990 564	(122 686)	-	<b>8 867 878</b>
Impairment		(3 961 479)	117 194	-	<b>(3 844 285)</b>
Net		<b>5 029 085</b>	<b>(5 492)</b>	<b>-</b>	<b>5 023 593</b>
<b>OTHER RECEIVABLES</b>					
Gross	10	3 550 878	(1 264 022)	(191 896)	<b>2 094 960</b>
Impairment		(2 473 423)	1 057 814	-	<b>(1 415 609)</b>
Net		<b>1 077 455</b>	<b>(206 208)</b>	<b>(191 896)</b>	<b>679 351</b>



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## 38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

	Note	As previously reported	Correction of error	Reclassification	Restated
<b>30 June 2018</b>					
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
Long-term receivables	7	25 854	-	191 896	217 750
<b>Current assets</b>					
Receivables	9	5 633 327	(6 927)	-	5 626 400
Other receivables	10	1 380 906	(519 616)	(191 896)	669 394
<b>TOTAL ASSETS</b>		<b>64 569 450</b>	<b>(526 543)</b>	<b>-</b>	<b>64 042 907</b>
<b>NET ASSETS</b>					
<b>Total net assets</b>		<b>42 975 729</b>	<b>(526 543)</b>	<b>-</b>	<b>42 449 186</b>
Accumulated surplus		39 510 649	(526 543)	-	38 984 106
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>64 569 450</b>	<b>(526 543)</b>	<b>-</b>	<b>64 042 907</b>
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>					
<b>Revenue</b>					
<b>Exchange revenue</b>					
Rental of letting stock and facilities		513 805	(19 305)	-	494 500
<b>Non-exchange revenue</b>					
Fines, penalties and forfeits		1 644 474	(99 162)	-	1 545 312
<b>Total revenue</b>		<b>39 211 289</b>	<b>(118 467)</b>	<b>-</b>	<b>39 092 822</b>
<b>Expenditure</b>					
Remuneration of councillors	41.2.1	154 923	-	(7 630)	147 293
Impairment costs	28	1 440 040	196 376	-	1 636 416
Finance costs	29	781 928	-	(3)	781 925
Contracted services	31	4 322 605	-	(2 513 100)	1 809 505
General expenses	32	4 876 219	-	2 520 733	7 396 952
<b>Total expenditure</b>		<b>33 514 522</b>	<b>196 376</b>	<b>-</b>	<b>33 710 898</b>
<b>Surplus from operations</b>		<b>5 696 767</b>	<b>(314 843)</b>	<b>-</b>	<b>5 381 924</b>
<b>CASH FLOW STATEMENT</b>					
<b>Cash flow From Operating activities</b>					
<b>Continued operation</b>					
Cash receipts from ratepayers, government and other		34 841 626	-	67 917	34 909 543
Cash paid to suppliers and employees		(27 925 499)	-	(3)	(27 925 502)
<b>Cash generated from operations</b>	34	<b>6 916 127</b>	<b>-</b>	<b>67 914</b>	<b>6 984 041</b>
Finance costs		(689 670)	-	3	(689 667)
<b>Net cash from continued operations</b>		<b>7 377 082</b>	<b>-</b>	<b>67 917</b>	<b>7 444 999</b>
<b>Cash flow from investing activities</b>					
Increase in investments		(561 572)	-	(67 917)	(629 489)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(6 037 208)</b>	<b>-</b>	<b>(67 917)</b>	<b>(6 105 125)</b>



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## 38. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

	Note	As previously reported	Correction of error	Reclassification	Restated
<b>30 June 2018 - continued</b>					
<b>FINANCIAL RISK MANAGEMENT</b>					
<b>Financial assets</b>					
Receivables	1	5 633 327	(6 927)	(2 164 014)	<b>3 462 386</b>
Other receivables		1 335 499	(519 616)	(560 117)	<b>255 766</b>
<b>TOTAL CARRYING AMOUNT</b>		<b>19 588 937</b>	<b>(526 543)</b>	<b>(2 724 131)</b>	<b>16 338 263</b>
<b>Non-financial assets arising out of the operation of law</b>					
Receivables		-	-	2 164 014	<b>2 164 014</b>
Other receivables		-	-	368 221	<b>368 221</b>
<b>TOTAL CARRYING AMOUNT</b>		<b>-</b>	<b>-</b>	<b>2 532 235</b>	<b>2 532 235</b>
<b>LONG-TERM RECEIVABLES</b>					
Gross	7	40 144	191 896	-	<b>232 040</b>
Payments made in advance		-	191 896	-	<b>191 896</b>
Net		<b>25 854</b>	<b>191 896</b>	<b>-</b>	<b>217 750</b>
<b>RECEIVABLES</b>					
Gross	9	10 088 499	(141 991)	-	<b>9 946 508</b>
Impairment		(4 455 172)	135 064	-	<b>(4 320 108)</b>
Net		<b>5 633 327</b>	<b>(6 927)</b>	<b>-</b>	<b>5 626 400</b>
<b>OTHER RECEIVABLES</b>					
Gross	10	4 421 236	(1 964 697)	(191 896)	<b>2 264 643</b>
Impairment		(3 040 330)	1 445 081	-	<b>(1 595 249)</b>
Net		<b>1 380 906</b>	<b>(519 616)</b>	<b>(191 896)</b>	<b>669 394</b>
<b>CASH GENERATED FROM CONTINUED OPERATIONS</b>					
<b>Surplus for the year</b>	34	5 724 246	(314 843)	-	<b>5 409 403</b>
Adjustment for:		3 280 510	(405 137)	67 914	<b>2 943 287</b>
Contribution to impairment provision - investment		-	-	67 917	<b>67 917</b>
Finance costs		-	-	-	-
Cash transactions		689 670	-	(3)	<b>689 667</b>
<b>Operating surplus before working capital changes</b>		<b>(1 062 660)</b>	<b>19 305</b>	<b>-</b>	<b>(1 043 355)</b>
Increase in trade receivables		(870 358)	700 675	-	<b>(169 683)</b>
Increase in other receivables		-	-	-	-
<b>Cash generated from continued operations</b>		<b>6 916 127</b>	<b>-</b>	<b>67 914</b>	<b>6 984 041</b>

## 38.2 Changes in accounting estimates

### Annual review of assets useful lives

The annual review of the useful lives and residual values of assets resulted in a decrease of R2,62 million (2018: R2,27 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

### Environmental rehabilitation provision

During the year the City revised its estimated total environmental rehabilitation provision to include post-closure monitoring and inspection costs as is required by the licence conditions. The net effect of the change in estimate in the current year was an increase in provision to the amount of R48,50 million. The change will lead to a reduction of operating costs in future periods of the same amount as the post-closure monitoring and inspection costs will be funded from the provision.



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## 39. BUDGET INFORMATION

### 39.1 Explanation of variances on the statement of comparison of budget and actual amounts

1. The difference between the approved budget and final budget are due to virements in terms of Council-approved policy.
2. The format and classification schemes adopted for presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the mSCOA classification scheme.
3. The differences in capital spend recognition are set out in the table below:

<b>Annual financial statements</b>	<b>5 395 678</b>
Landfill site provision estimate	(99 903)
Contributed assets	(2 860)
Prior year capital project discontinued and written-off	23 375
<b>Budget</b>	<b>5 316 290</b>

### 39.2 Explanation of variances greater than 10%: final budget and actual amounts

#### 39.2.1 Statement of financial position

##### Total assets

##### i) Current assets

The variance in total current assets is due to the incorrect classification of an amount paid in advance. During the audit it was identified that an amount of R191,90 million relating to the Urban Settlement Development Grant (USDG) was incorrectly classified as current instead of non-current. Subsequently it was corrected, however the budget remained under the current assets line item.

##### Total liabilities

##### ii) Current liabilities

The variance in total current liabilities is due to a capital and operating underspend against the budget, which resulted in a lower-than-expected balance for payables from exchange transactions at year end.

#### 39.2.2 Statement of financial performance

##### Revenue

##### i) Investment revenue

The variance is largely due to interest earned on investments being higher-than-planned due to more favourable investment and cash balances.

##### ii) Other own revenue

The variance is higher-than-planned development levies received due to agreements for developments which were not foreseen for the period, more than anticipated traffic fines issued and revenue recognised for unclaimed credits older than two years on final debtor's accounts.

##### Expenditure

##### iii) Debt impairment

The variance is largely due to a slightly higher budget provision for impairment on electricity (2,2%) and property rates debtors (0,35%) than the final movement. In addition, reversals of the indigent billing within Water and Sanitation services further contributed to the variance.

##### iv) Transfers and grants

The variance is mainly due to delays with the implementation of the housing top structure in the Human Settlement Directorate as a result of community unrest and gang-related violence.

##### Surplus

##### v) Transfers recognised – capital

The variance is a direct result of the underspent in capital projects due to community dynamics and influences, cancellation of tenders as a result of non-responsive and liquidations of contractors.

#### 39.2.3 Cash flow statement

##### i) Net cash from operating

The variance is the result of underspend operating expenditure.

##### ii) Net cash from financing

The variance is the result of not having taken up the anticipated loans to fund the capital budget.



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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## 39. BUDGET INFORMATION (continued)

### 39.3 Explanation of variances greater than 5%: final budget and actual amounts

#### 39.3.1 Capital expenditure

- i) Community Services and Health  
The variance in the implementation of the projects is a result of delays with the appointment of service providers, poor contractor performance, unforeseen lengthy community engagements and cost savings materialised with the completion of projects.
- ii) Corporate Services  
The variance in the implementation of the projects is a result of delays with the appointment of service providers, projects and tenders put on hold and the delay in obtaining approval to make use of a transversal tender.
- iii) Energy and Climate Change  
The variance in the implementation of the projects is a result of community dynamics and influences, gang-related disruptions, vandalism, late award of tenders, construction delays and changes to equipment specifications.
- iv) Human Settlements  
The variance in the implementation of the projects is a result of community dynamics and influences, the expiry, termination and suspension of contracts, land invasions that prevented projects from going ahead as planned and underperformance by contractors.
- v) Office of the City Manager  
The variance in the implementation of the projects is a result of delays experienced in delivery of furniture and equipment by contractors.
- vi) Spatial Planning and Environment  
The variance in the implementation of the projects is a result of administrative uncertainty around a number of unclear mandates for projects particularly in the Urban Catalytic Investment Department, contractual disputes, resource and material challenges experienced by contractor and outstanding Built Environment and Landscapes Committee (BELCOM) Heritage approvals.
- vii) Transport  
The variance in the implementation of the projects is a result of community dynamics and influences, gang-related disruptions, cancellation of tenders due to non-responsiveness and liquidations of contractors.
- viii) Water and Waste Services  
The variance in the implementation of the projects is mainly due to a significant underspend on projects linked to the new water program, as measures in pursuit of optimal water security are reprioritised and reassessed subject to various regulatory approvals, incomplete land use management, capacity constraints and poor performance by contractors, appeals against award of tenders, non-responsive tenders, delays in delivery of materials by specific suppliers and community dynamics and influences.

## 40. ADDITIONAL DISCLOSURES

### 40.1 Municipal Finance Management Act

#### 40.1.1 Section 19(2)(b)

As at **30 June 2018** the City did not fully comply with 19(2)(b) of the MFMA relating to the broadband project.

#### 40.1.2 Section 124(1)(b)

##### Disclosure concerning councillors' municipal accounts in arrears

##### 2019

As at **30 June 2019**, there were no councillors more than 90 days in arrears for rates or services.

During the **reporting period**, there were no councillors more than 90 days in arrears for rates or services.

##### 2018

As at **30 June 2018**, the following councillor was more than 90 days in arrears for rates or services.

Z Sulelo

During the **reporting period**, the following councillors were more than 90 days in arrears for rates or services.

T Mpengezi

A Skippers

ST Vuba



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## 40. ADDITIONAL DISCLOSURES (continued)

### 40.1 Municipal Finance Management Act (continued)

	2019	2018
<b>40.1.3 Section 125</b>		
<b>40.1.3.1 Irregular expenditure</b>		
Opening balance	283 056	130 103
Expenditure incidents identified in the current year, relating to	950 370	152 953
Current year	356 028	152 953
Prior year	594 342	-
<b>Closing balance</b>	1 233 426	283 056
<i>Events after reporting date</i>		
Written off as irrecoverable i.t.o S32 – during July and August 2019	(283 056)	-
<b>TOTAL</b>	<b>950 370</b>	<b>283 056</b>

Incidents
Legal services procurement not in terms of SCM regulations
Expenditure incurred after contract expiry
Non-compliance with SCM Regulations and section 33 and section 116(3) of the MFMA
<b>Total</b>

238 368	-
413 549	-
298 453	152 953
<b>950 370</b>	<b>152 953</b>

A process is underway to identify all instances where contracts have expired but expenditure is still being incurred without the relevant legislative approvals. Once the contracts have been identified and the expenditure quantified, it will be submitted to the City's Municipal Public Accounts Committee (MPAC) in terms of section 32.

### 40.1.3.2 Fruitless and wasteful expenditure

Opening balance	309	-
Expenditure incidents identified in the current year, relating to	19 802	309
Current year	13 555	309
Prior year	6 247	-
<b>Closing balance</b>	20 111	309
<i>Events after reporting date</i>		
Resolved to recover – during July and August 2019	(1 238)	-
<b>TOTAL</b>	<b>18 873</b>	<b>309</b>

Incidents
Interest paid on late payment
Litigation costs
Travel costs
Duplication payment
Tender project management
Fines
Compensation payments
<b>Total</b>

7 655	309
400	-
26	-
5	-
9 794	-
51	-
1 871	-
<b>19 802</b>	<b>309</b>



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## 40. ADDITIONAL DISCLOSURES (continued)

### 40.1 Municipal Finance Management Act (continued)

#### 40.1.3 Section 125 (continued)

	2019	2018
<b>40.1.3.3 Material losses</b>		
<b>Water losses</b>	<b>303 487</b>	<b>159 543</b>

In the current year, the material losses were 16,57% (2018: 14,82%). These are made up of 10,84% reticulation losses and 5,73% abnormal production losses (2018: 10,78% reticulation losses and 4,04% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R313,2 million (2018: R140,3 million).

#### Electricity losses

<b>345 465</b>	<b>332 155</b>
----------------	----------------

In the current year, the energy losses were 10,67% (2018: 10,72%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R538,49 million (2018: R511,76 million).

#### 40.1.3.4 Other compulsory disclosures

	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
<b>As at 30 June 2019</b>				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid – current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 100)	(267 221)
<b>Balance unpaid (included in payables)</b>	<b>(14 379)</b>	<b>(145)</b>	<b>152 189</b>	<b>289 938</b>
<b>As at 30 June 2018</b>				
Opening balance	-	11	114 716	251 289
Subscriptions/fees	12 635	18 898	1 585 714	3 072 164
Amount paid – current year	(12 635)	(18 969)	(1 456 614)	(2 804 943)
previous years	-	(11)	(114 716)	(251 289)
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>(71)</b>	<b>129 100</b>	<b>267 221</b>

## 40.2 Supply Chain Management regulations

	2019	2018
<b>40.2.1 Deviations</b>		
In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below, have been approved by the Accounting Officer/delegate (Director: SCM) and noted by Council.		
Greater than R200 000	755 771	818 780
Less than R200 000	342 883	461 567
<b>TOTAL amount approved by the Accounting Officer/delegate (Director: SCM) and noted by Council</b>	<b>1 098 654</b>	<b>1 280 347</b>

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.



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## 40. ADDITIONAL DISCLOSURES (continued)

### 40.2 Supply Chain Management regulations (continued)

#### 40.2.2 Bids awarded to family of employees in service of the state

In terms of section 45 of the municipal SCM regulation, any award above R2 000 to family of employees in the service of the state must be disclosed in the annual financial statements. The following is a list as recorded in the declaration-of-interest form.

Connected person	Position held in State	2019
<b>AURECON</b>		156 417
H Ahlschlager	Legal Representative	
C Barry	Head	
T Botha	Technical Manager	
W Erasmus	Program Manager	
H Esterhysen	Senior Manager	
T Govender	Maintenance Administrator	
S Grobbelaar	Town Planner	
E Herholdt	Manager	
A Heyns	Engineer	
J Higgs	Regional Manager	
J Jacobs	PA	
B Kleynhans	Accountant	
B Kriegler	Councillor: Breede Valley Municipality	
M Marques	Deputy Director	
D Mayekiso	Assistant Director	
A Moore	Chief Engineer	
K Nadasen	Director	
S Seegers	Head	
M Skead	Senior Manager	
<b>BOWMAN GILFILLAN INC (LEGAL)</b>		879
H Ben - David	Captain	
O Bhayat	Member of Mayoral Committee	
M de Villiers	Project and Process Manager	
C Dyer	Deputy Director	
S February	Teacher	
C Franklyn	Specialist Scientist	
Q Green	Director Finance	
C la Marque	Regional Magistrate	
M Majola	Manager	
C Maree	Senior Family Advocate	
G Mellem	Teacher	
M Nyali	Teacher	
N Nyali	Chief Education Specialist	
R Ordelheide	Intern	
Z Pali	Assistant Director	
S Pillay	Educator	
T Sass	Head	
B Sepuba	Special Recruitment	
E van den Berg	School Psychologist	
J van den Heuvel	Magistrate	
A Visser	Maintenance Manager	
<b>DESIGNTEC PRINTING CC</b>		386
M Mshweshwe	Manager Legal Services	
H Rauch	Program Manager	



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## 40. ADDITIONAL DISCLOSURES (continued)

### 40.2 Supply Chain Management regulations (continued)

#### 40.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2019
<b>GIBB</b>		39 785
R Beharie	Senior Engineer	
I Brink	Teacher	
S Cilliers	Teacher	
J Gooch	Head	
D Kiewiet	Area Manager	
U Lekonyana	Deputy Director: National Treasury	
N Mkhize	Accounting Clerk	
A Moon	Head	
N Mzayiya	Correctional Officer	
K Naidoo	Head	
<b>JAKEPRO BUILDING PROJECTS AND SERVICE</b>		164
Y Jacobs	Department of Health	
O Khan	Department of Defence	
<b>PURPLE ROSE DISTRIBUTORS CC</b>		1 043
C Hector	Quality Assessor	
M Hector	Medical Doctor	
<b>SMEC SOUTH AFRICA (PTY) LTD</b>		53 384
A Meyer	Professional Officer	
P Phosa	Parliament	
C Wyngaard	Senior Clerk	
<b>SPOTLESS BY SAM</b>		23
E Neethling	Attendant	
I Olfant	Forensic Pathology	
<b>TURNER AND TOWNSEND (PTY) LTD</b>		9 758
E Barnard	Risk manager	
T Bulmer	Chief Therapist	
D Dauncey	Facilities Manager Krugersdorp	
G Harmse	Senior Manager	
N Satar	Chris Hani Hospital	
J Ziki	Medical Officer	
<b>WHILE ITS DAY</b>		2 221
C Hector	Quality Assessor	
M Hector	Medical Doctor	
<b>ZAPTRON PEST SOLUTIONS</b>		80
F Fortune	SANDF	
F Fortune	Western Cape Health Department	



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## 40. ADDITIONAL DISCLOSURES (continued)

### 40.2 Supply Chain Management regulations (continued)

#### 40.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2019
<b>INDIVIDUALS</b>		
N Andhee	Department of Education	1 794
T Arendse	Senior Foreman	150
L Arries	Educator	21 177
R Badenhorst	Councillor: Stellenbosch Municipality	910
T Barends	SAP Developer	49
P Bell	DCAS	5 415
J Beukes	Department of Health	30 273
J Bodmer	Metro Paramedic	76
E Bowers	Social Worker	238
G Buitendag	Head Payroll Benefits	11
R Conrad	Professional Officer	119
A Damons	Clerk	2 143
SF Davids	Department of Education	35 261
C de Wee	Administrative Officer	164
J du Toit	Traffic Inspector	1 357
Y Ebrahim	Manager Waste Water	1 879
H Eksteen	Parliamentary Liaison Officer	3
S Fumba	Specialist Clerk	10 818
S Gxilishe	Educator	117
C Henderson	Educator	66
F Hendricks	Administrative Officer	39
M Hendricks	Artisan	21
E Jacobs	Senior Clerk	256 895
NE Jacobs	Administrative Clerk	111
S Jacobs	Director: Cape Agulhus Municipality	14
T Jacobs	Deputy Director: Department of Premier	239
A Kelland	Administrative Officer	407
R Maharaji	Umngeni Water	41 983
M Maroof	Professional Officer	42
S Melane	Senior Clerk	101
S Merile	Small Plant Operator	840
K Modack	Senior Professional Officer	1 379
F Monk	Subcouncil Manager	1 477
N Moodley	Director: Department of Health	4 672
M Mvalo	Professional Officer	1 846
R Naidoo	IT Contractor	99
B Ntlati	Clerk	1 288
N Orrie	Senior Superintendent	2 744
R Parker	Department of Education	1 096
N Pedro	Specialist Clerk	259
L Pieters	Educator	443
L Pietersen	Educator	32
C Rhoda	Head	1 108
M Rhodes	Educator	7 383
A Sangster	Support Assistant	25 838
F Shariff	Director Property Management	934
Y Skunyan	Light Machine Operator	592
Z Smith	Department of Labour	365
D Timotheus	Operator	65
V van der Heever	Educator	3 744
C van der Vent	Senior Worker	9
M Votersen	Manager	2 298
S Willemse	Administrative Officer	1 454
E Williams	Stores Clerk	6 249
X Zantsi	Bookkeeper	20
<b>TOTAL</b>		<b>742 246</b>

See annexure H for the 2018 list.



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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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## 41. RELATED-PARTY DISCLOSURES

### 41.1 Municipal entities and special areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	2019	2018
<b>CTICC</b>		
The Convention Centre was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.		
<b>Percentage owned</b>	71,4%	71,4%
Arm's-length transactions for the year		
Receivables	2 487	3 308
Deposits	1 234	1 233
Service charges	24 295	19 504
Rental of letting stock and facilities	2 524	2 524
Included in note 37.1 is an amount of R6,40 million which relates to a contractual dispute with the CTICC. The final amount payable, if any, will be determined after an investigation is finalised.		
<b>CAPE TOWN STADIUM (RF) SOC LTD</b>		
The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports events and become the premium venue of choice.		
<b>Percentage owned</b>	100%	100%
Arm's-length transactions for the year		
Receivables	1 170	-
Payables	3 165	-
Service charges	10 035	360
Other income	17 094	5 468
Grants and subsidies paid	55 152	22 167
<b>CIDs</b>		
These entities were established to enable projects, at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.		
<b>Special rating areas</b>		
Arm's-length transactions for the year		
Levies	210 130	192 953
<b>Cape Metropolitan Transport Fund (CMTF)</b>		
The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City of Cape Town. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.		
<b>Administrator</b>		
Arm's-length transactions for the year		
Funds held on behalf of CMTF	18 124	15 598
Grants and transfers – conditions met	2 323	4 414
Interest paid	1 135	986
Revenue collected	3 773	4 026

### 41.2 Executive management

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

No business transactions took place between the City of Cape Town and key management personnel.



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## 41. RELATED-PARTY DISCLOSURES (continued)

### 41.2 Executive management (continued)

#### 41.2.1 Mayoral Committee (Mayco) members/Councillors

	Annual salary	Car allowance	Social contribution	Total
<b>2019</b>				
Mayco members	12 458	32	499	<b>12 989</b>
Councillors	134 462	421	4 485	<b>139 368</b>
<b>TOTAL</b>	<b>146 920</b>	<b>453</b>	<b>4 984</b>	<b>152 357</b>
<b>2018</b>				
Mayco members	12 347	60	309	<b>12 716</b>
Councillors	129 765	378	4 434	<b>134 577</b>
<b>TOTAL</b>	<b>142 112</b>	<b>438</b>	<b>4 743</b>	<b>147 293</b>

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and are not disclosed individually but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillor positions, whose aggregated remuneration amounted to R152,36 million for the period in review. The average remuneration per councillor is R0,659 million per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 7 and 8 under 'General information'.

The 2018 comparative amount has been restated - see note 38.

#### 41.2.2 Mayco members

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
<b>2019</b>				
<b>Executive Mayor</b>				
Ald D Plato	908	-	-	<b>908</b>
Ald P de Lille	450	14	-	<b>464</b>
<b>Executive Deputy Mayor/Finance</b>				
Ald ID Neilson	1 011	-	120	<b>1 131</b>
<b>Executive Finance</b>				
Cllr J van der Merwe	335	-	39	<b>374</b>
Ald M Nieuwoudt	136	-	13	<b>149</b>
<b>Economic Opportunities and Asset Management</b>				
Ald J Vos	534	-	-	<b>534</b>
<b>Assets and Facilities Management</b>				
Ald J Vos	142	-	-	<b>142</b>
Cllr S Diamond	374	-	-	<b>374</b>
<b>Corporate Services</b>				
Cllr SA Cottle	682	-	-	<b>682</b>
Cllr R Arendse	374	-	-	<b>374</b>
<b>Community Services and Health</b>				
Cllr ZA Badroodien	534	-	-	<b>534</b>
<b>Area-Based: South</b>				
Cllr ZA Badroodien	148	-	-	<b>148</b>
Cllr E Andrews	374	-	-	<b>374</b>
<b>Energy and Climate change</b>				
Cllr P Maxiiti	534	-	-	<b>534</b>



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## 41. RELATED-PARTY DISCLOSURES (continued)

### 41.2 Executive management (continued)

#### 41.2.2 Mayco members (continued)

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
<b>2019 - continued</b>				
<b>Area-Based: East</b>				
Cllr P Maxiti	148	-	-	<b>148</b>
Cllr A Ntsodo	374	-	-	<b>374</b>
<b>Human Settlements</b>				
Cllr M Booï	498	-	35	<b>533</b>
<b>Area-Based: Central</b>				
Cllr M Booï	139	-	10	<b>149</b>
Cllr S Mamkeli	339	-	-	<b>339</b>
<b>Safety and Security</b>				
Ald JP Smith	948	18	90	<b>1 056</b>
<b>Spatial Planning and Environment</b>				
Ald M Niewoudt	488	-	46	<b>534</b>
<b>Transport</b>				
Ald F Purchase	476	-	58	<b>534</b>
<b>Transport and Urban Development Authority</b>				
Ald F Purchase	133	-	16	<b>149</b>
Cllr BN Herron	374	-	-	<b>374</b>
<b>Urban Management</b>				
Cllr G Twigg	477	-	57	<b>534</b>
<b>Area-Based: North</b>				
Cllr G Twigg	133	-	15	<b>148</b>
Cllr S Little	339	-	-	<b>339</b>
<b>Water and Waste</b>				
Cllr X Limberg	534	-	-	<b>534</b>
<b>Informal Settlements, Water and Waste Services; Energy</b>				
Cllr X Limberg	522	-	-	<b>522</b>
<b>TOTAL</b>	<b>12 458</b>	<b>32</b>	<b>499</b>	<b>12 989</b>



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## 41. RELATED-PARTY DISCLOSURES (continued)

### 41.2 Executive management (continued)

#### 41.2.2 Mayco members (continued)

	Analysis of remuneration benefits			
	Annual salary	Car allowance	Social contribution	Total
<b>2018</b>				
<b>Executive Mayor</b>				
Ald P de Lille	1 297	42	-	1 339
<b>Executive Deputy Mayor</b>				
Ald ID Neilson	974	-	115	1 089
<b>Corporate Services</b>				
Cllr R Arendse	1 029	-	-	1 029
<b>Finance</b>				
Cllr JFH van der Merwe	920	-	108	1 028
<b>Informal Settlements, Water and Waste Services; Energy</b>				
Cllr XT Limberg	1 029	-	-	1 029
<b>Safety, Security Services and Social Services</b>				
Ald JP Smith	924	18	86	1 028
<b>Transport and Urban Development Authority</b>				
Cllr BN Herron	1 029	-	-	1 029
<b>Assets and Facilities Management</b>				
Cllr SP Diamond	1 029	-	-	1 029
<b>Area-Based: Central</b>				
Cllr S Mamkeli	1 029	-	-	1 029
<b>Area-Based: East</b>				
Cllr A Ntsodo	1 029	-	-	1 029
<b>Area-Based: North</b>				
Cllr SA Little	1 029	-	-	1 029
<b>Area-Based: South</b>				
Cllr EP Andrews	1 029	-	-	1 029
<b>TOTAL</b>	<b>12 347</b>	<b>60</b>	<b>309</b>	<b>12 716</b>



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## 41. RELATED-PARTY DISCLOSURES (continued)

### 41.2 Executive management (continued)

#### 41.2.3 Executive management

	Annual salary	Relocation and car allowance	Travel and subsistence	Social contribution	Total
<b>2019</b>					
<b>City Manager</b>					
L Mbandazayo	2 836	-	17	361	3 214
<b>Corporate Services</b>					
C Kesson *	206	-	-	26	232
<b>Corporate Services: Directorate of the Mayor</b>					
C Kesson	2 881	-	16	289	3 186
<b>Community Services and Health</b>					
E Sass	1 266	-	-	187	1 453
<b>Social Services</b>					
E Sass	1 282	-	-	182	1 464
<b>Economic Opportunities &amp; Asset Management</b>					
K le Keur	819	64	-	114	997
<b>Assets and Facilities Management</b>					
K le Keur	931	64	-	114	1 109
<b>Energy and Climate Change</b>					
KM Nassiep	1 008	-	-	1	1 009
<b>Energy</b>					
KM Nassiep	1 108	-	-	1	1 109
<b>Environmental Management</b>					
A Osman	810	72	-	125	1 007
<b>Finance</b>					
K Jacoby	2 586	81	1	261	2 929
<b>Human Settlements</b>					
R Rughubar	854	-	-	125	979
<b>Safety and Security Services</b>					
R Bosman	2 444	96	-	303	2 843
<b>Transport</b>					
E Sass **	-	-	-	-	-
GL Fortune	737	-	3	107	847
M Whitehead	1 452	-	-	1	1 453
<b>Transport and Urban Development Authority</b>					
GL Fortune	839	-	10	127	976
M Whitehead	1 452	-	-	1	1 453
<b>Urban Management</b>					
B van Schoor	815	60	-	97	972
<b>Area-Based Service Delivery</b>					
B van Schoor	658	51	-	78	787
I Scheepers	696	-	-	74	770
<b>Water and Waste</b>					
M Webster **	-	-	-	-	-
G Kaiser	1 196	45	1	30	1 272
<b>Informal Settlements, Water and Waste Services; Energy</b>					
G Kaiser	1 434	54	26	33	1 547
<b>TOTAL</b>	<b>28 310</b>	<b>587</b>	<b>74</b>	<b>2 637</b>	<b>31 608</b>

\* Included in the annual salary amount is an arbitration award of R48,4 thousand.

\*\* Acted without compensation for period.



AUDITOR-GENERAL  
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18 28 January 2020



CITY OF CAPE TOWN  
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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

## 41. RELATED-PARTY DISCLOSURES (continued)

### 41.2 Executive management (continued)

#### 41.2.3 Executive management (continued)

	Annual salary	Relocation and car allowance	Travel and subsistence	Social contribution	Total
<b>2018</b>					
<b>City Manager</b>					
L Mbandazayo	1 467	-	-	149	<b>1 616</b>
A Ebrahim	1 795	-	-	243	<b>2 038</b>
<b>Assets and Facilities Management</b>					
K le Keur	1 757	128	-	91	<b>1 976</b>
<b>Area-Based Service Delivery</b>					
L Scheepers	1 747	-	-	229	<b>1 976</b>
<b>Corporate Services</b>					
C Kesson	196	-	-	25	<b>221</b>
G Kenhardt	819	-	-	96	<b>915</b>
L Mbandazayo	1 264	-	-	162	<b>1 426</b>
<b>Directorate of the Mayor</b>					
C Kesson	2 055	-	39	249	<b>2 343</b>
<b>Energy</b>					
K Nassiep	1 928	99	5	2	<b>2 034</b>
<b>Finance</b>					
K Jacoby	2 479	81	2	250	<b>2 812</b>
<b>Informal Settlements, Water and Waste Services; Energy</b>					
G Kaiser	2 614	108	10	60	<b>2 792</b>
<b>Social Services</b>					
E Sass	2 468	-	-	351	<b>2 819</b>
<b>Strategic Governance</b>					
C Kesson	225	-	-	29	<b>254</b>
<b>Safety and Security Services</b>					
R Bosman	2 401	95	-	304	<b>2 800</b>
<b>Transport and Urban Development Authority</b>					
G Fortune	1 430	-	3	226	<b>1 659</b>
M Whitehead	2 800	-	-	2	<b>2 802</b>
<b>TOTAL</b>	<b>27 445</b>	<b>511</b>	<b>59</b>	<b>2 468</b>	<b>30 483</b>

## 42. EVENTS AFTER REPORTING DATE

As disclosed in note 40.1.3.1 and 40.1.3.2 there were irregular, fruitless and wasteful expenditure regularised and ratified.



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# ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2019

Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2018	Received during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2019
<b>MARKETABLE BONDS</b>									
Municipal Bond CCT01	12,570	830014004	2023	1 002 061	-	343	-	-	1 002 404
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	993 411	-	(4 570)	-	(100 000)	888 841
<b>Total marketable bonds <sup>1</sup></b>				<b>5 268 213</b>	<b>-</b>	<b>(4 227)</b>	<b>-</b>	<b>(100 000)</b>	<b>5 163 986</b>
<b>CONCESSIONARY LOANS</b>									
Nedcor Bank	1,000	830000920	2019	41	-	-	7	(48)	-
DBSA	5,000	830012028	2020	7 601	-	-	277	(4 000)	3 878
AFD	5,763	830018500	2028	358 877	-	(674)	8 126	(40 000)	326 329
AFD	5,730	830018516	2028	358 358	-	(670)	8 208	(40 000)	325 896
AFD	5,755	830018530	2028	358 970	-	(674)	8 164	(40 000)	326 460
AFD	5,800	830018523	2028	350 144	-	(665)	7 824	(38 961)	318 342
KfW	8,107	830020016	2033	-	196 420	1 567	(24 162)	(42 933)	130 892
<b>Total concessionary loans</b>				<b>1 433 991</b>	<b>196 420</b>	<b>(1 116)</b>	<b>8 444</b>	<b>(205 942)</b>	<b>1 431 797</b>
<b>OTHER LOANS</b>									
ABSA Bank	10,900	830007011	2018	10 535	-	(535)	-	(10 000)	-
DBSA	10,590	83001050	2018	17 860	-	(902)	-	(16 958)	-
DBSA	9,420	830012035	2020	18 677	-	(3)	-	(9 333)	9 341
DBSA	9,639	830013000	2022	60 031	-	6	-	(13 334)	46 703
DBSA	10,565	830013507	2022	60 034	-	6	-	(13 334)	46 706
<b>Total other loans</b>				<b>167 137</b>	<b>-</b>	<b>(1 428)</b>	<b>-</b>	<b>(62 959)</b>	<b>102 750</b>
<b>TOTAL</b>				<b>6 869 341</b>	<b>196 420</b>	<b>(6 771)</b>	<b>8 444</b>	<b>(368 901)</b>	<b>6 698 533</b>

<sup>1</sup> Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).

# ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2019

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions <sup>1</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ Amortisation	Impairments	Disposals	Closing balance	
<b>Land and buildings</b>													
Vacant land	1 282 814	10 216	9 510	-	-	1 302 540	(260 341)	-	-	-	-	(260 341)	1 042 199
Land and buildings	2 545 718	253 874	57 229	-	-	2 856 821	(664 539)	-	(56 132)	(3 929)	-	(724 600)	2 132 221
	<b>3 828 532</b>	<b>264 090</b>	<b>66 739</b>	<b>-</b>	<b>-</b>	<b>4 159 361</b>	<b>(924 880)</b>	<b>-</b>	<b>(56 132)</b>	<b>(3 929)</b>	<b>-</b>	<b>(984 941)</b>	<b>3 174 420</b>
<b>Infrastructure</b>													
Assets under construction	2 600 717	(1 759 651)	1 684 684	-	-	2 525 750	-	-	-	-	-	-	2 525 750
Telecommunications	616 070	148 078	131 188	-	(52)	895 284	(72 643)	-	(51 429)	(1 109)	21	(125 160)	770 124
Drains	1 220 204	103 213	68 305	-	-	1 391 722	(455 036)	-	(46 512)	-	-	(501 548)	890 174
Roads	12 813 448	471 813	439 036	-	-	13 724 297	(3 774 911)	43	(450 935)	-	-	(4 225 803)	9 498 494
Beach improvements	147 393	22 806	12 674	-	-	182 873	(29 409)	-	(4 487)	-	-	(33 896)	148 977
Sewerage mains and purification	5 064 785	285 913	126 467	-	(12)	5 477 153	(1 805 071)	-	(265 981)	-	5	(2 071 047)	3 406 106
Security	1 159 958	34 802	118 055	-	-	1 312 815	(493 605)	-	(117 480)	-	-	(611 085)	701 730
Electricity peak load equipment and mains	10 128 452	53 055	513 976	-	-	10 695 483	(3 051 968)	-	(220 121)	(1 462)	-	(3 273 551)	7 421 932
Water mains and purification	4 604 215	311 127	440 075	-	-	5 355 417	(1 912 531)	-	(214 935)	-	-	(2 127 466)	3 227 951
Reservoirs - water	662 541	188 156	234 413	-	-	1 085 110	(406 101)	-	(21 893)	-	-	(427 994)	657 116
	<b>39 017 783</b>	<b>(140 688)</b>	<b>3 768 873</b>	<b>-</b>	<b>(64)</b>	<b>42 645 904</b>	<b>(12 001 275)</b>	<b>43</b>	<b>(1 393 773)</b>	<b>(2 571)</b>	<b>26</b>	<b>(13 397 550)</b>	<b>29 248 354</b>
<b>Community assets</b>													
Assets under construction	217 903	(153 451)	103 762	-	-	168 214	-	-	-	-	-	-	168 214
Parks and gardens	391 772	6 275	6 953	-	-	405 000	(69 826)	-	(13 317)	-	-	(83 143)	321 857
Libraries	301 606	22 841	11 398	-	-	335 845	(85 209)	-	(5 269)	-	-	(90 478)	245 367
Recreation facilities	5 679 754	18 329	32 700	-	(40)	5 730 743	(2 058 683)	78	(221 584)	-	40	(2 280 149)	3 450 594
Civic buildings	2 633 140	138 531	71 768	-	-	2 843 439	(738 758)	47	(46 333)	-	-	(785 044)	2 058 395
	<b>9 224 175</b>	<b>32 525</b>	<b>226 581</b>	<b>-</b>	<b>(40)</b>	<b>9 483 241</b>	<b>(2 952 476)</b>	<b>125</b>	<b>(286 503)</b>	<b>-</b>	<b>40</b>	<b>(3 238 814)</b>	<b>6 244 427</b>
<b>Other assets</b>													
Assets under construction	368 405	(310 857)	160 576	-	-	218 124	-	-	-	-	-	-	218 124
Buildings and land	1 262	-	-	-	(13)	1 249	(1 086)	-	(176)	-	13	(1 249)	-
Landfill sites	1 099 290	6 122	100 642	-	-	1 206 054	(633 259)	-	(38 660)	-	-	(671 919)	534 135
Furniture, fittings and equipment	1 124 401	7 308	96 441	-	(24 518)	1 203 632	(773 062)	9	(114 404)	-	22 188	(865 269)	338 363
Bins and containers	69 495	1 748	1 770	-	(568)	72 445	(59 252)	-	(5 089)	-	530	(63 811)	8 634
Emergency equipment	63 279	(3 302)	4 252	-	(3 256)	60 973	(39 998)	1 015	(6 217)	-	3 205	(41 995)	18 978
Motor vehicles and watercraft	1 411 013	466	344 285	-	(68 319)	1 687 445	(653 939)	(100)	(117 651)	(2 859)	57 916	(716 633)	970 812
Plant and equipment	1 143 272	68 222	75 260	-	(16 063)	1 270 691	(636 093)	(23)	(104 687)	(8)	14 365	(726 446)	544 245
Specialised vehicles	1 675 690	4 058	238 961	-	(22 931)	1 895 778	(714 188)	(1 015)	(110 479)	-	19 819	(805 863)	1 089 915
Computer equipment	2 310 297	36 670	195 749	-	(54 404)	2 488 312	(1 723 970)	136	(223 524)	-	52 703	(1 894 655)	593 657
Animals	1 570	-	-	-	(271)	1 299	(349)	-	(209)	-	220	(338)	961
	<b>9 267 974</b>	<b>(189 565)</b>	<b>1 217 936</b>	<b>-</b>	<b>(190 343)</b>	<b>10 106 002</b>	<b>(5 235 196)</b>	<b>22</b>	<b>(721 096)</b>	<b>(2 867)</b>	<b>170 959</b>	<b>(5 788 178)</b>	<b>4 317 824</b>
<b>Service concession assets</b>													
Buses and depots	1 411 417	-	121	-	(29 363)	1 382 175	(576 910)	-	(95 846)	(20 031)	17 453	(675 334)	706 841
<b>Housing rental stock</b>	<b>3 115 668</b>	<b>15 729</b>	<b>6 597</b>	<b>-</b>	<b>(35 188)</b>	<b>3 102 806</b>	<b>(1 021 046)</b>	<b>-</b>	<b>(99 295)</b>	<b>(250)</b>	<b>29 151</b>	<b>(1 091 440)</b>	<b>2 011 366</b>
<b>TOTAL PPE</b>	<b>65 865 549</b>	<b>(17 909)</b>	<b>5 286 847</b>	<b>-</b>	<b>(254 998)</b>	<b>70 879 489</b>	<b>(22 711 783)</b>	<b>190</b>	<b>(2 652 645)</b>	<b>(29 648)</b>	<b>217 629</b>	<b>(25 176 257)</b>	<b>45 703 232</b>



# ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2019 (continued)

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						Carrying value
	Opening balance	Transfers/ adjustments	Additions <sup>1</sup>	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ Amortisation	Impairments	Disposals	Closing balance	
<b>Heritage assets</b>													
Paintings and museum items	8 891	-	1 389	-	-	10 280	-	-	-	-	-	-	10 280
	<b>8 891</b>	<b>-</b>	<b>1 389</b>	<b>-</b>	<b>-</b>	<b>10 280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 280</b>
<b>Investment property</b>													
Vacant land	518 180	(13)	-	-	(25)	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(57 968)	-	(1 714)	-	-	(59 682)	64 819
	<b>642 681</b>	<b>(13)</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>642 643</b>	<b>(57 968)</b>	<b>-</b>	<b>(1 714)</b>	<b>-</b>	<b>-</b>	<b>(59 682)</b>	<b>582 961</b>
<b>Intangible assets</b>													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(284 457)	-	(70 180)	-	-	(354 637)	206 804
Computer software	1 003 942	17 922	107 442	-	-	1 129 306	(564 917)	(190)	(77 825)	-	-	(642 932)	486 374
	<b>1 565 383</b>	<b>17 922</b>	<b>107 442</b>	<b>-</b>	<b>-</b>	<b>1 690 747</b>	<b>(849 374)</b>	<b>(190)</b>	<b>(148 005)</b>	<b>-</b>	<b>-</b>	<b>(997 569)</b>	<b>693 178</b>
<b>TOTAL OTHER</b>	<b>2 216 955</b>	<b>17 909</b>	<b>108 831</b>	<b>-</b>	<b>(25)</b>	<b>2 343 670</b>	<b>(907 342)</b>	<b>(190)</b>	<b>(149 719)</b>	<b>-</b>	<b>-</b>	<b>(1 057 251)</b>	<b>1 286 419</b>
<b>GRAND TOTAL PPE AND OTHER</b>	<b>68 082 504</b>	<b>-</b>	<b>5 395 678</b>	<b>-</b>	<b>(255 023)</b>	<b>73 223 159</b>	<b>(23 619 125)</b>	<b>-</b>	<b>(2 802 364)</b>	<b>(29 648)</b>	<b>217 629</b>	<b>(26 233 508)</b>	<b>46 989 651</b>

<sup>1</sup> Includes the contributed assets amount of R2,86 million.

# ANNEXURE C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	2019	2018	2017
<b>Bank accounts held with</b>			
<b>Nedbank</b>			
Main bank	214 486	181 975	
Salary bank	-	-	
Cashier's bank	-	-	
General income bank (primary)	-	-	
Traffic fines bank	-	-	
IRT bank	-	-	
<b>Amortised cost</b>	<b>214 486</b>	<b>181 975</b>	
<b>ABSA</b>			
Main bank	-	19 598	469 968
IRT bank	31 467	8 162	-
<b>Amortised cost</b>	<b>31 467</b>	<b>27 760</b>	<b>469 968</b>
<b>Amortised cost - see note 11</b>	<b>245 953</b>	<b>209 735</b>	<b>469 968</b>
<b>Bank accounts managed by fund managers</b>			
<b>Nedbank</b>			
City of Cape Town	730	226	
City of Cape Town	65	5 196	
City of Cape Town	1 416	138	
City of Cape Town	3 341	996	
City of Cape Town	4 992	2 569	
City of Cape Town	736	945	
City of Cape Town	534	592	
City of Cape Town	872	111	
City of Cape Town	200	182	
City of Cape Town	-		
	<b>12 886</b>	<b>10 955</b>	
<b>ABSA</b>			
City of Cape Town		-	481
City of Cape Town		13	306
City of Cape Town		-	1 803
City of Cape Town		-	4 015
City of Cape Town		-	574
City of Cape Town		-	598
City of Cape Town		8	1 081
City of Cape Town		-	194
		<b>21</b>	<b>9 052</b>
<b>Fair value - see note 11</b>	<b>12 886</b>	<b>10 976</b>	<b>9 052</b>
City of Cape Town	-	-	(5 298)
<b>Fair value</b>	<b>12 886</b>	<b>10 976</b>	<b>3 754</b>

# ANNEXURE C: Disclosure of bank accounts in terms of section 125(2)(a) of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

## SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2019	2018
General banking facility	800 000	800 000
Guarantee facility (cash covered)	100 000	100 000
Guarantee facility (Non-cash covered)	12 000	12 000
Letter of credit	16 000	16 000
Business travel card	4 000	2 000

The short-term debt facilities are reviewed annually and can be explained as follows:

### General banking facility

This facility allows the City to quickly access funds should an immediate drawdown into the City's bank account be required.

### Guarantee facility (cash covered)

This is a facility whereby the bank will guarantee a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. This facility would be cash covered which means that the client provides cash cover which is held in an interest bearing investment account and is then ceded to the bank.

### Guarantee facility (Non-cash covered)

This is a facility whereby the bank will guarantee a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

### Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

### Business travel card

The travel card facility is used for all the travel spend of the City (airfares, hotel and accommodation, car hire, travel agent fees, forex, et cetera) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded on the account/card.

# ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

BUSINESS ACTIVITIES	Actual income	Actual expenditure	(Surplus)/ deficit	Inter-departmental charges	Net (surplus)/ deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
<b>Municipal Governance and Administration</b>	<b>(18 650 351)</b>	<b>10 067 852</b>	<b>(8 582 499)</b>	<b>(1 210 692)</b>	<b>(7 371 807)</b>	<b>(9 697)</b>	<b>(7 362 110)</b>	<b>(6 523 862)</b>
Executive and Council	(1 383)	428 929	427 546	2 919	424 627	(117)	424 744	453 799
Finance and Administration	(18 648 960)	9 595 833	(9 053 127)	(1 213 837)	(7 839 290)	(9 580)	(7 829 710)	(7 023 629)
Internal Audit	(8)	43 090	43 082	226	42 856	-	42 856	45 968
<b>Community and Public Safety</b>	<b>(2 192 292)</b>	<b>6 029 995</b>	<b>3 837 703</b>	<b>733 160</b>	<b>3 104 543</b>	<b>(620 339)</b>	<b>3 724 882</b>	<b>3 868 261</b>
Community and Social Services	(145 643)	1 047 125	901 482	47 842	853 640	(57 087)	910 727	919 115
Sport and Recreation	(89 497)	1 403 541	1 314 044	213 694	1 100 350	(40 802)	1 141 152	1 062 493
Public Safety	(54 685)	588 720	534 035	5 096	528 939	(26 654)	555 593	576 555
Housing	(1 504 397)	1 814 157	309 760	447 247	(137 487)	(475 459)	337 972	515 941
Health	(398 070)	1 176 452	778 382	19 281	759 101	(20 337)	779 438	794 157
<b>Economic and Environmental Services</b>	<b>(3 173 030)</b>	<b>7 129 843</b>	<b>3 956 813</b>	<b>256 349</b>	<b>3 700 464</b>	<b>(630 360)</b>	<b>4 330 824</b>	<b>4 299 754</b>
Planning and Development	(361 944)	1 056 836	694 892	33 982	660 910	(14 032)	674 942	722 508
Road Transport	(2 787 329)	5 919 371	3 132 042	214 186	2 917 856	(615 170)	3 533 026	3 454 473
Environmental Protection	(23 757)	153 636	129 879	8 181	121 698	(1 158)	122 856	122 773
<b>Trading Services</b>	<b>(29 235 562)</b>	<b>23 781 482</b>	<b>(5 454 080)</b>	<b>221 183</b>	<b>(5 675 263)</b>	<b>(892 497)</b>	<b>(4 782 766)</b>	<b>(3 235 002)</b>
Energy Sources	(14 250 966)	12 245 477	(2 005 489)	1 543 842	(3 549 331)	(136 152)	(3 413 179)	(2 864 734)
Water Management	(6 942 100)	5 773 745	(1 168 355)	589 642	(1 757 997)	(399 402)	(1 358 595)	(603 114)
Waste water management	(4 215 209)	2 731 708	(1 483 501)	(674 226)	(809 275)	(356 943)	(452 332)	(124 063)
Waste management	(3 827 287)	3 030 552	(796 735)	(1 238 075)	441 340	-	441 340	356 909
<b>TOTAL</b>	<b>(53 251 235)</b>	<b>47 009 172</b>	<b>(6 242 063)</b>	<b>-</b>	<b>(6 242 063)</b>	<b>(2 152 893)</b>	<b>(4 089 170)</b>	<b>(1 590 849)</b>

# ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

National and Province grant funds 2018/19									
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue		Interest earned	Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital			
<b>National Government</b>									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(742)	-	-	200	198	-	-	(344)
Department of Environmental Affairs and Tourism	Environmental Affairs	(307)	(220)	-	38	-	-	-	(489)
DME - INEP	Energy	(2 234)	(10 000)	-	-	12 234	-	-	-
Energy Efficiency Electricity Demand Side Management	Energy	(1 342)	(10 000)	1 342	700	9 300	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(24 266)	-	23 266	1 000	-	-	-
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Health and Hygiene education: Informal Settlements	Water	(11)	-	-	11	-	-	-	-
Infrastructure Skills Development	National Treasury	(547)	(13 605)	699	9 600	582	-	-	(3 271)
Integrated City Development Grant	National Treasury	(9 622)	(64 362)	8 011	1 083	54 560	-	-	(10 330)
LGSETA: Post Graduate Internship Programme??	Environmental Affairs	(66)	-	66	-	-	-	-	-
Municipal Disaster Grant	Department of Corporate Governance	(37 133)	-	4 683	-	31 219	-	-	(1 231)
Municipal Disaster Recovery Grant	Department of Corporate Governance	-	(553 500)	46 311	-	307 600	-	-	(199 589)
Neighbourhood Development Programme	National Treasury	-	(7 300)	134	-	7 166	-	-	-
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	-	(653)	-	-	-	-	-	(653)
Public Transport Network Grant	Transport	(37 264)	(1 045 522)	51 419	440 780	468 073	-	-	(122 514)
Public Transport Network Grant - BFI	Transport	-	(33 000)	-	-	33 000	-	-	-
Restructuring Grant - Seed Funding	National Treasury	(3 232)	-	-	-	1 156	-	-	(2 076)
Special Projects	Environmental Affairs	-	(2 564)	-	-	531	-	-	(2 033)
Terrestrial Invasive Alien Plants	Environmental Affairs	-	(766)	-	-	636	-	-	(130)
Tirelo Boshia Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(166 149)	(1 484 790)	313 016	32 326	1 127 450	-	-	(178 147)
<b>Total DoRA allocation</b>		<b>(258 724)</b>	<b>(3 251 548)</b>	<b>425 681</b>	<b>509 004</b>	<b>2 054 705</b>	<b>-</b>	<b>-</b>	<b>(520 882)</b>
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		-	-	(320)	-	-	-	-	(320)
LGSETA: Post Graduate Internship Programme: Interest account		(128)	-	128	-	-	-	-	-
Natural Resource Management: Interest account		(10)	-	-	-	-	-	-	(10)
Neighbourhood Development Programme: Interest account		(983)	-	-	-	-	(207)	-	(1 190)
Peninsula Wetlands Rehabilitation Project: Interest account		(18)	-	18	-	-	(2)	-	(2)

# ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

National and Province grant funds 2018/19								
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Adjustments	Operating	Capital		
Public Transport Infrastructure Systems Grant: Interest account		(214 545)	-	-	24 842	925	(14 988)	(203 766)
Public Transport Infrastructure Grant: Interest account		(36 701)	-	-	-	-	(2 665)	(39 366)
Public Transport Network Grant: Interest account		(51 350)	-	-	-	-	(22 669)	(74 019)
Public Transport Network Grant - BFI: Interest account		-	-	-	-	-	(185)	(185)
Public Transport Network Operations Grant: Interest account		(14 990)	-	-	-	-	(1 089)	(16 079)
Smart Living Handbook: Interest account		(100)	-	-	-	-	(7)	(107)
Special Projects		(41)	-	41	-	-	(4)	(4)
Terrestrial Invasive Alien Plants: Interest account		(31)	-	-	-	-	(2)	(33)
<b>Total interest earned</b>		<b>(319 143)</b>	<b>-</b>	<b>(133)</b>	<b>24 842</b>	<b>925</b>	<b>(41 818)</b>	<b>(335 327)</b>
<b>TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS</b>		<b>(577 867)</b>	<b>(3 251 548)</b>	<b>425 548</b>	<b>533 846</b>	<b>2 055 630</b>	<b>(41 818)</b>	<b>(856 209)</b>
<b>Province</b>								
ABET Adult Education	Education	(4)	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(4 730)	(5 000)	4 730	5 000	-	(94)	(94)
Belhar Pentech 340 Top Structures	Human Settlements	(545)	-	(20 997)	15 730	-	-	(5 812)
Bokmakierie / Hazendal Infill 3	Human Settlements	(414)	-	-	-	-	-	(414)
Browns Farm Phase 3,4,5,6	Human Settlements	(10 975)	-	-	-	-	-	(10 975)
Clinics : HIV/AIDS and TB Programmes	Health	(13)	-	13	-	-	-	-
Community Residential Units	Human Settlements	(3 007)	-	(7 224)	-	8 050	(826)	(3 007)
Delft - The Hague Phase 2 (896)	Human Settlements	(55 258)	-	-	94 335	-	(39 077)	-
Delft The Hague / Roosendal Eindhoven	Human Settlements	(8 466)	-	-	6 203	-	-	(2 263)
Disaster Fund - Fire/Flood Kits	Human Settlements	(5 677)	-	(30 041)	29 279	-	-	(6 439)
Edward Road Energy Efficient Project	Human Settlements	(3 552)	-	-	-	-	(258)	(3 810)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 447)	-	(146)	127	-	-	(10 466)

# ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

		National and Province grant funds 2018/19							
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital	Interest earned		
Emergency Funds (PGWC)	Human Settlements	(2 500)	-	-	2 500	-	-	-	-
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	-	21 122	-	-	-	(21 122)	-
Eradication of Registration Backlog	Human Settlements	(5 354)	-	-	3 133	-	-	-	(2 221)
Erf 160: Boys Town	Human Settlements	-	-	(767)	375	-	-	-	(392)
Establishment Grants	Human Settlements	(874)	-	(270)	260	-	(64)	-	(948)
Facilitation Grants	Human Settlements	(1 291)	-	(609)	581	-	(87)	-	(1 406)
Finance Management Support Grant	Treasury	(3)	(230)	3	230	-	(2)	-	(2)
Financial Management Capacity Building Grant	Treasury	(375)	(360)	122	280	-	(32)	-	(365)
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	(5 197)	-	(27 384)	33 493	-	-	(912)	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(6 508)	-	(926)	7 282	-	-	-	(152)
Glenhaven Social Housing Project	Human Settlements	(30 000)	-	-	25 648	-	-	-	(4 352)
Global Fund Community Base Response Project	Health	(92)	-	92	-	-	-	-	-
Global Fund Community Based Programme	Health	(3 642)	-	20	3 622	-	-	-	-
Government Grant Community Development Workers	Human Settlements	(1 179)	-	-	701	63	(60)	-	(475)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(40 261)	-	-	9 079	-	-	-	(31 182)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(44)	-	(2 090)	2 068	-	-	-	(66)
HCE Manuals (Housing Consumer Education)	Human Settlements	(111)	-	-	108	-	(5)	-	(8)
Heideveld Housing Infill	Human Settlements	(313)	-	(14 022)	12 775	-	-	-	(1 560)
HIV/AIDS Community Based Response Projects	Health	(4 678)	(251 120)	-	230 558	-	-	-	(25 240)
Housing Settlements Development Grant	Human Settlements	-	(350 755)	350 755	-	-	-	-	-
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects Urban Engineering	Human Settlements	-	-	-	1 541	-	-	(1 541)	-
Informal Settlements	Human Settlements	(1 874)	(1 500)	1 964	843	-	-	-	(567)



# ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

		National and Province grant funds 2018/19							
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Conditions met - transferred to revenue				Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
				Adjustments	Operating	Capital	Interest earned		
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	-	(3 000)	-	365	-	-	-	(2 635)
Kanonkop Phase 1 Top Structures	Human Settlements	(2 746)	-	(9 953)	13 759	-	-	(1 060)	-
Khayelitsha Site C Subsidies	Human Settlements	(4 738)	-	-	-	-	(344)	-	(5 082)
Kleinvlei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Human Settlements	(2 655)	(3 938)	46	5 692	762	(124)	-	(217)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(184)	(4 770)	-	4 944	-	(183)	-	(193)
Library Metro Grant	Cultural Affairs and Sport	(1 034)	(10 000)	(670)	-	11 000	(540)	-	(1 244)
Metropolitan Land Transport Fund	Transport and Public Works	(17 748)	(13 666)	1 724	18 395	-	(89)	-	(11 384)
Mitchell's Plain Infill Phase 1	Human Settlements	(3 945)	-	-	-	-	-	-	(3 945)
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	(9 922)	-	(21 000)	28 793	-	-	-	(2 129)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	Community Safety	-	(5 000)	-	5 000	-	(41)	-	(41)
Nelson Mandela Statue - Contributed Asset	Economic Development and Tourism	-	-	(1 389)	-	1 389	-	-	-
New Housing Development Projects	Human Settlements	(4 855)	-	-	7 401	-	-	(2 546)	-
NHBRC Enrollment Fees	Human Settlements	(1 715)	-	-	(142)	-	-	-	(1 857)
Nutrition Supplement Programme	Health	-	(4 790)	16	5 470	-	-	(696)	-
Occupancy Survey	Human Settlements	(12 423)	-	-	1 992	-	-	-	(10 431)
Pelican Park 2083 Top Structures	Human Settlements	(758)	-	-	437	-	-	-	(321)
Peoples Housing Project	Human Settlements	(71 539)	-	(153 319)	164 476	-	(4 444)	-	(64 826)
Philippi East Top Structures	Human Settlements	(1)	-	-	-	-	-	-	(1)
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)

# ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2019 (continued)

Rand thousands (R'000)

National and Province grant funds 2018/19									
Description	Source	Balance unspent at beginning of the year <sup>1</sup>	Current-year receipts	Adjustments	Conditions met - transferred to revenue			Amounts to be claimed	Balance unspent at the end of the year <sup>1</sup>
					Operating	Capital	Interest earned		
Prov Docs Mod Centre Deployment	Community Safety	-	(345)	(44)	224	-	-	-	(165)
Public Library Fund	Cultural Affairs and Sport	(5 910)	(48 947)	669	45 550	2 242	(1 214)	-	(7 610)
Rou Emoh Housing Development	Human Settlements	(181)	-	-	-	-	(13)	-	(194)
Salt River Transitional Housing - Madulammoho Housing Association	Human Settlements	(4)	-	-	-	313	-	(309)	-
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	-	-	-	-	(1 389)
Somerset West Housing Project	Human Settlements	(2 046)	-	(10 347)	-	-	-	-	(12 393)
Sweet Homes IDA TRA	Human Settlements	(7 117)	-	-	-	-	-	-	(7 117)
Tambo Square	Human Settlements	(286)	-	-	-	-	-	-	(286)
TB Crisis Plan	Health	(540)	(29 233)	-	29 095	-	-	-	(678)
Title Deeds Restoration	Human Settlements	-	(26 757)	-	-	-	-	-	(26 757)
Vaccines	Health	-	(93 766)	17 959	101 499	-	-	(25 692)	-
Vrygrond	Human Settlements	(33)	-	-	-	-	-	-	(33)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(10 990)	-	11	(1)	-	-	-	(10 980)
<b>TOTAL PROVINCE TRANSFERS AND GRANTS</b>		<b>(385 204)</b>	<b>(853 177)</b>	<b>98 048</b>	<b>918 700</b>	<b>23 819</b>	<b>(7 594)</b>	<b>(93 781)</b>	<b>(299 189)</b>
<b>Analysis of grants and subsidies</b>									
Total National Government transfers and grants		(577 867)	(3 251 548)	425 548	533 846	2 055 630	(41 818)	-	(856 209)
Total Province transfers and grants		(385 204)	(853 177)	98 048	918 700	23 819	(7 594)	(93 781)	(299 189)
		(963 071)	(4 104 725)	523 596	1 452 546	2 079 449	(49 412)	(93 781)	(1 155 398)

<sup>1</sup> The balance unspent at beginning and end of the year excludes VAT.

# ANNEXURE F: Disclosure of grants in terms of S14(4)(a) of DORA

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

INTEGRATION ZONES AND GRANTS		
	Budget	Expenditure
<b>Metro South East Corridor</b>		
Integrated City Development Grant (ICDG)	24 139	24 026
Public Transport Network Grant (PTNG)	82 495	74 381
Urban Settlement Development Grant (USDG)	138 836	125 507
	<b>245 470</b>	<b>223 914</b>
<b>Voortrekker Road Corridor</b>		
Integrated City Development Grant (ICDG)	16 832	16 678
Urban Settlement Development Grant (USDG)	73 034	70 798
	<b>89 866</b>	<b>87 476</b>
<b>Blue Downs Symphony Way</b>		
Urban Settlement Development Grant (USDG)	51 284	48 493
<b>GRAND TOTAL</b>	<b>386 620</b>	<b>359 883</b>



# ANNEXURE G: Appropriation statement

FOR THE YEAR ENDED 30 JUNE 2019

Rand thousands (R'000)

	2018/19										2017/18				
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) R'000	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial performance															
Property rates	9 361 952	943	9 362 895	-	-	9 362 895	9 536 184	-	-	102	102	-	-	-	-
Service charges	19 179 838	296 731	19 476 569	-	-	19 476 569	18 907 828	-	-	97	99	-	-	-	-
Investment revenue	936 513	3 775	940 288	-	-	940 288	1 122 064	-	-	119	120	-	-	-	-
Transfers recognised - operational	6 803 607	565 596	7 369 203	-	-	7 369 203	7 049 218	-	-	96	104	-	-	-	-
Other own revenue	3 067 907	(34 539)	3 033 368	-	-	3 033 368	3 575 073	-	-	118	117	-	-	-	-
Total revenue (excluding capital transfers and contributions)	39 349 817	832 506	40 182 323	-	-	40 182 323	40 190 367	-	-	100	102	-	-	-	-
Employee costs	12 920 115	(397 438)	12 522 677	-	(21 275)	12 501 402	12 365 555	-	-	99	96	-	-	-	-
Remuneration of councillors	169 640	-	169 640	-	-	169 640	161 297	-	-	95	95	-	-	-	-
Debt impairment	2 988 951	(587 573)	2 401 378	-	-	2 401 378	1 582 948	-	-	66	53	-	-	-	-
Depreciation and asset impairment	2 814 336	35 715	2 850 051	-	-	2 850 051	2 832 012	-	-	99	101	-	-	-	-
Finance charges	1 089 285	(182 606)	906 679	-	(2 119)	904 560	833 211	-	-	92	76	-	-	-	-
Materials and bulk purchases	10 742 417	(434 009)	10 308 408	-	42 241	10 350 649	9 937 129	-	-	96	93	-	-	-	-
Transfers and grants	333 807	155 594	489 401	-	(1 562)	487 839	391 968	-	-	80	117	-	-	-	-
Other expenditure	8 205 388	645 127	8 850 515	-	(17 285)	8 833 230	7 974 908	-	-	90	97	-	-	-	-
Total expenditure	39 263 939	(765 190)	38 498 749	-	-	38 498 749	36 079 028	-	-	94	92	-	-	-	-
Surplus	85 878	1 597 696	1 683 574	-	-	1 683 574	4 111 339	-	-	-	4 787	-	-	-	-
Transfers recognised - capital	2 067 896	475 700	2 543 596	-	-	2 543 596	2 080 920	-	-	82	101	-	-	-	-
Contributions recognised - capital and contributed assets	76 200	(21 675)	54 525	-	-	54 525	49 804	-	-	91	65	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	2 229 974	2 051 721	4 281 695	-	-	4 281 695	6 242 063	-	-	146	280	-	-	-	-
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	2 229 974	2 051 721	4 281 695	-	-	4 281 695	6 242 063	-	-	146	280	-	-	-	-
Capital expenditure and funds sources															
Transfers recognised - capital	2 067 896	468 400	2 536 296	-	-	2 536 296	2 069 566	-	-	82	100	-	-	-	-
Public contributions and donations	76 200	(21 674)	54 526	-	-	54 526	49 804	-	-	91	65	-	-	-	-
Borrowing	4 000 000	(3 500 000)	500 000	-	-	500 000	388 445	-	-	78	10	-	-	-	-
Internally generated funds	2 263 460	1 281 850	3 545 310	-	-	3 545 310	2 808 475	-	-	79	124	-	-	-	-
Total sources of capital funds <sup>1</sup>	8 407 556	(1 771 424)	6 636 132	-	-	6 636 132	5 316 290	-	-	80	63	-	-	-	-
Cash flows															
Net cash from (used) operating	4 809 613	2 973 965	7 783 578	-	-	7 783 578	9 246 334	-	-	119	192	-	-	-	-
Net cash from (used) investing	(7 683 492)	1 593 824	(6 089 668)	-	-	(6 089 668)	(6 170 498)	-	-	101	80	-	-	-	-
Net cash from (used) financing	3 556 102	(3 343 855)	212 247	-	-	212 247	(143 179)	-	-	(67)	(4)	-	-	-	-
Cash/cash equivalents at the year end	682 223	1 223 934	1 906 157	-	-	1 906 157	2 932 657	-	-	154	430	-	-	-	-

<sup>1</sup> The actual capital outcome amount does not include the contributed assets amount of R2,86 million. See annexure B.

# ANNEXURE H: Bids awarded to family of employees in service of the state – 2018

Rand thousands (R'000)

Connected person	Position held in State	2018
<b>AURECON</b>		51 591
H Ahlschlager	Legal Representative	
C Barry	Head	
T Botha	Technical Manager	
W Erasmus	Program Manager	
H Esterhysen	Senior Manager	
T Govender	Maintenance Administrator	
S Grobbelaar	Town Planner	
E Herholdt	Manager	
A Heyns	Engineer	
J Higgs	Regional Manager	
J Jacobs	PA	
B Kleynhans	Accountant	
B Kriegler	Councillor: Breede Valley Municipality	
M Marques	Deputy Director	
D Mayekiso	Assistant Director	
A Moore	Chief Engineer	
K Nadasen	Director	
S Seegers	Head	
M Skead	Senior Manager	
<b>BOWMAN GILFILLAN INC (LEGAL)</b>		9 948
H Ben - David	Captain	
O Bhayat	Member of Mayoral Committee	
M de Villiers	Project and Process Manager	
C Dyer	Deputy Director	
S February	Teacher	
C Franklyn	Specialist Scientist	
Q Green	Director Finance	
C la Marque	Regional Magistrate	
M Majola	Manager	
C Maree	Senior Family Advocate	
G Mellem	Teacher	
M Nyali	Teacher	
N Nyali	Chief Education Specialist	
R Ordelheide	Intern	
Z Pali	Assistant Director	
S Pillay	Educator	
T Sass	Head	
B Sepuba	Special Recruitment	
E van den Berg	School Psychologist	
J van den Heuvel	Magistrate	
A Visser	Maintenance Manager	
<b>GIBB</b>		33 633
R Beharie	Senior Engineer	
I Brink	Teacher	
S Cilliers	Teacher	
J Gooch	Head	
D Kiewiet	Area Manager	
U Lekonyana	Deputy Director: National Treasury	
N Mkhize	Accounting Clerk	
A Moon	Head	
N Mzayiya	Correctional Officer	
K Naidoo	Head	

# ANNEXURE H: Bids awarded to family of employees in service of the state – 2018 (continued)

Rand thousands (R'000)

Connected person	Position held in State	2018
<b>JAKEPRO BUILDING PROJECTS AND SERVICE</b>		346
Y Jacobs	Department of Health	
O Khan	Department of Defence	
<b>PURPLE ROSE DISTRIBUTORS CC</b>		482
C Hector	Quality Assessor	
M Hector	Medical Doctor	
<b>SPOTLESS BY SAM</b>		51
E Neethling	Attendant	
I Olifant	Forensic Pathology	
<b>TURNER AND TOWNSEND (PTY) LTD</b>		8 313
E Barnard	Risk manager	
T Bulmer	Chief Therapist	
R Conrad	Professional Officer	
D Dauncey	Facilities Manager Krugersdorp	
G Harmse	Senior Manager	
N Satar	Chris Hani Hospital	
J Ziki	Medical Officer	
<b>WHILE ITS DAY</b>		2 348
C Hector	NHBRC	
M Hector	Medical Doctor	
<b>ZAPTRON PEST SOLUTIONS</b>		225
F Fortune	SANDEF	
F Fortune	Western Cape Health Department	
<b>INDIVIDUALS</b>		
N Andhee	Department of Education	1 848
T Arendse	Senior Foreman	138
L Arries	Educator	20 525
R Badenhorst	Councillor	1 444
T Barends	SAP Developer	170
P Bell	DCAS	1 620
J Bogma	Metro Paramedic	136
ER Bowers	Social Worker	651
C Brown	SABC	151
G Buitendag	Principal Professional Officer	62
C Carr	Administrative Officer	99
JP Cilliers	Specialist Advisor	463
M Daniels	Project Administrator	150
M Davids	Operational Supervisor Driver	192
S Davids	Department of Education	31 179
W de Kock	Stellenbosch Municipality	1 144
Y Ebrahim	District Head	1 631
C Elliot	Office of the Premier	3
TN Gaxeni	Eskom	5 468
S Gxilishe	Teacher	129
EL Hamman	CTICC Board Member	25 195
A Harding	Administrative Officer	32
T Henderson	Teacher	399
F Hendricks	Administrative Officer	1 264
R Hendricks	HR-Department of Justice	104
E Jacobs	Senior Clerk	161 721

# ANNEXURE H: Bids awarded to family of employees in service of the state – 2018 (continued)

Rand thousands (R'000)

Connected person	Position held in State	2018
<b>INDIVIDUALS - continued</b>		
LA Kenny	Professional Officer	373
L Lightburn	Clerk	242
V Machimana	Gauteng Health	3 295
K Modack	Senior Professional Officer	1 150
N Makeleni	Department of Health	60
M Maroof	Professional Officer	34
S Melane	Senior Clerk	279
SS Merile	Small Plant Operator	18 861
FJ Monk	Subcouncil Manager	948
E Moses	Senior Operational Supervisor Driver	175
F Mostert	Engineering and Asset Management	1 253
MC Mshweshwe	Statutory Compliance Specialist	898
V Mtini	Worker	11 888
M Mvalo	Professional Officer	761
P Naidoo	Operational Manager: Tourism and Events	8 061
P Phosa	Parliament	18 934
C Rhoda	Head	396
M Rhodes	Teacher	6 003
A Richards	Senior Professional Officer	87
D Rose	Call Centre Agent	3 726
MN Sammy	Administrative Officer	20
A Sangster	Support Assistant	38 558
F Shariff	Manager: Transversal Real Estate	199
Y Skunyana	Light Machine Operator	708
L Sneli	SANRAL	5
C Stone	Manager: Traffic Services	6
V van der Heever	Teacher	7 207
C van der Vent	Senior Worker	442
N Vlotman	Department of Health	9
MF Voersen	Head	2 518
S Willemse	Administrative Officer	1 762
R Williams	Prison Warden	54
V Williams	Clerk	3 071
<b>TOTAL</b>		<b>494 838</b>

The comparative amount has been restated from R145,56 million to R494,84 million.



## APPENDIX A

### Abbreviations used in these financial statements

AFD	Agence Française de Développement
ASB	Accounting Standards Board
APAC	Audit and Performance Audit Committee
CCT	City of Cape Town
CID(s)	city improvement district
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contributions (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DORA	Division of Revenue Act
FBE	free basic electricity
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
IDP	Integrated Development Plan
IFRIC	The former International Financial Reporting Interpretations Committee of the IASB, now renamed the IFRS Interpretations Committee (also refers to individual Interpretations issued by the Committee)
IFRS	International Financial Reporting Standard
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IRT	integrated rapid transport
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
PAYE	pay-as-you-earn
PPE	property, plant and equipment
Province	Western Cape Provincial Government
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SANDF	South African National Defence Force
SAP	Systems, Applications and Products
SCM	supply chain management
UIF	Unemployment Insurance Fund
VAT	value-added tax



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